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UNITED STATES BANKRUPTCY COURT

DISTRICT OF OREGON

In re Peak Web LLC, Debtor.	Case No. 16-32311-pcm11 **DEBTOR'S REVISED SECOND AMENDED DISCLOSURE STATEMENT (~~JANUARY 31~~FEBRUARY 10, 2017)**

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I. INTRODUCTION AND SUMMARY

A. INTRODUCTION

On June 13, 2016 (the "Petition Date"), Peak Web LLC ("Debtor," "Peak," or the "Company") filed a voluntary petition under Chapter 11 of Title 11 of the United States Bankruptcy Code (the "Bankruptcy Code"). On ~~January 31~~February 10, 2017, Debtor filed this Revised Second Amended Disclosure Statement (the "Disclosure Statement") with the U.S. Bankruptcy Court for the District of Oregon (the "Bankruptcy Court") and its Second Amended Plan of Reorganization (the "Plan"). A copy of the Plan is attached hereto as **Exhibit 1**.

This Disclosure Statement is being provided to you by Debtor to enable you to make an informed judgment about the Plan. This Disclosure Statement has been prepared to disclose information that in Debtor's opinion is material, important, and helpful to evaluate the Plan. Among other things, this Disclosure Statement describes the manner in which Claims and Equity Securities will be treated. This Disclosure Statement summarizes the Plan, explains how the Plan will be implemented, outlines the risks of and alternatives to the Plan, and outlines the procedures involved in confirmation of the Plan. The description of the Plan contained in this Disclosure Statement is intended as a summary only and is qualified in its entirety by reference to the Plan itself. If any inconsistency exists between the Plan and this Disclosure Statement, the terms of the Plan shall control. You are urged to review the Plan and, if applicable, consult with your own counsel about the Plan and its impact on your legal rights before voting on the Plan.

Capitalized terms used but not defined in this Disclosure Statement shall have the meanings assigned to such terms in the Plan or the Bankruptcy Code. Factual information contained in this Disclosure Statement is the representation of Debtor only and not of its attorneys, consultants or accountants. The information has been obtained from the books and records of Debtor as well as other sources deemed reliable. Debtor has prepared

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the information contained herein in good faith, based on information available to Debtor. The information herein has not been subject to a verified audit. No representation concerning Debtor or the Plan is authorized by Debtor other than as set forth in this Disclosure Statement.

The statements contained in this Disclosure Statement are made as of the date hereof, unless another time is specified herein, and the delivery of this Disclosure Statement shall not imply that there has been no change in the facts set forth herein since the date of this Disclosure Statement and the date the material relied on in preparation of this Disclosure Statement was compiled.

This Disclosure Statement may not be relied on for any purpose other than to determine how to vote on the Plan. Nothing contained herein shall constitute an admission of any fact or liability by any party, or be admissible in any proceeding involving Debtor or any other party, or be deemed advice on the tax or other legal effects of the Plan on the holders of Claims or Equity Securities.

This Disclosure Statement has been approved by Order of the Bankruptcy Court as containing information of a kind and in sufficient detail to enable a hypothetical reasonable investor typical of holders of Claims or Equity Securities of relevant classes to make an informed judgment concerning the Plan. The Bankruptcy Court's approval of this Disclosure Statement, however, does not constitute a recommendation by the Bankruptcy Court either for or against the Plan.

The Bankruptcy Court has scheduled a hearing on confirmation of the Plan to commence on ____________________, 2017 at _____________ Pacific time. That hearing will be held at the U.S. Bankruptcy Court for the District of Oregon, 1001 SW Fifth Avenue, Courtroom 1, Portland, Oregon 97204, before the Honorable Peter C. McKittrick. The hearing on confirmation may be adjourned from time to time by the Bankruptcy Court

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without further notice except for an announcement made at the hearing on any adjournment thereof.

A ballot has been enclosed with this Disclosure Statement for use in voting on the Plan. In order to be tabulated for purposes of determining whether the Plan has been accepted or rejected, ballots must be received at the address indicated on the ballot no later than 4:00 p.m. on _______________, 2017. Debtor believes that confirmation of the Plan is in the best interests of the holders of Claims and urges you to accept the Plan.

This Disclosure Statement contains projected financial information and estimates that demonstrate the feasibility of the Plan of Reorganization and Peak's ability to continue operations upon emergence from proceedings under the Bankruptcy Code. Peak prepared such information for the limited purpose of furnishing information to Creditors to allow them to make an informed judgment regarding acceptance of the Plan of Reorganization. The projections and estimates of value should not be regarded for the purpose of this Disclosure Statement as representations or warranties by Peak as to the accuracy of such information or that any such projections or valuations will be realized. Actual results could vary significantly from these projections.

B. SUMMARY OF THE PLAN

A copy of the Plan is attached hereto as **Exhibit 1** and discussed in detail later in this Disclosure Statement. The following description of the Plan is intended as a summary only and is qualified in its entirety by reference to the Plan. Debtor urges each holder of a Claim to carefully review the Plan, together with this Disclosure Statement, before voting on the Plan.

The Plan establishes a Litigation Trust into which Debtor's claims in the Machine Zone Litigation, Debtor's assets related to the Machine Zone Litigation, Debtor's claims against other parties, and claims for avoidance and recovery under Chapter 5 of the Bankruptcy Code will be placed. The Machine Zone Litigation is described in Sections III.C

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and V.D. of this Disclosure Statement. Proceeds, if any, from the Litigation Trust Assets will be paid to Creditors in the same priority as provided in the Bankruptcy Code. As of the date of this Disclosure Statement, the total amount of Claims filed by Creditors, scheduled by Debtor, or expected to be incurred as administrative expenses that will have claims against the Litigation Trust Assets is approximately $62,000,000. Additional Rejection Claims or other Claims may be filed by creditors once all equipment is returned and Creditors have amended their Claims or filed Rejection Claims. If Debtor is successful on its claims in the Machine Zone Litigation, then all Allowed Claims of Creditors will be paid in full. If Debtor is not successful in its litigation against Machine Zone or the liquidation of other assets transferred into the Litigation Trust, then the recovery to Creditors will be significantly diminished. In that event, the source of payments will be from Reorganized Debtor.

With respect to payments from Reorganized Debtor, each Unsecured Creditor will receive a Pro Rata share of 50% of the Adjusted Net Income of Reorganized Debtor on a semi-annual basis for four years. The other 50% of Adjusted Net Income of Reorganized Debtor will be available for distribution to Reorganized Debtor's Series A Preferred Unit holders and then to Common Unit holders or be retained and reinvested in the company for future operations. "Adjusted Net Income" is defined as Reorganized Debtor's Adjusted Net Income from operations measured over a semi-annual calendar period after certain deductions and adjustments as defined in the Plan. Debtor's projections of the amounts available to be paid to Unsecured Creditors from the Adjusted Net Income of Reorganized Debtor are attached hereto as **Exhibit 2.**

Alternatively, Creditors with Allowed Claims may elect to convert their debt into equity in the form of Common Units in Reorganized Debtor as described in detail below and in the Plan. Any debt converted to equity will no longer be entitled to distributions from the Litigation Trust or debt payments from Reorganized Debtor. Until equipment vendors file their amended Claims after the return and liquidation of their equipment and Creditors have made an equity election, Debtor is unable to estimate the total amount of Unsecured Claims of Creditors who will receive a Pro Rata share of Adjusted Net Income, however the final percentage distribution to each Creditor from Reorganized Debtor's operations is likely to be small. As of the date of this Disclosure Statement, the total amount of Unsecured Claims scheduled by Peak or filed by Creditors is approximately $55,000,000, including the claim of Machine Zone in the approximate amount of $23,000,000. The total number of unsecured creditors who have filed claims or were scheduled by Debtor is approximately 110.

C. BRIEF EXPLANATION OF CHAPTER 11

Chapter 11 is the principal reorganization provision of the Bankruptcy Code. Pursuant to Chapter 11, a debtor attempts to reorganize its business for the benefit of Debtor, its creditors, and other parties in interest.

The formulation and confirmation of a plan of reorganization is the principal purpose of a Chapter 11 case. A plan of reorganization sets forth the method for compensating the holders of claims and interests in Debtor. If the plan is confirmed by the Bankruptcy Court, it will be binding on Debtor, its creditors, and all other parties in interest. A claim or interest is impaired under a plan of reorganization if the plan provides that the legal, equitable, or contractual rights of the holder of such claim or interest are altered. A holder of an impaired claim or interest is entitled to vote to accept or reject the plan. Chapter 11 does not require all holders of claims and interests to vote in favor of a plan in order for the Bankruptcy Court to confirm it. However, the Bankruptcy Court must find that the plan meets a number of statutory tests before it may approve the plan. These tests are designed to protect the interests of holders of claims or interests who do not vote to accept the plan, but who will nonetheless be bound by the plan's provisions if it is confirmed by the Bankruptcy Court.

An Unsecured Creditors' Committee was appointed by the U.S. Trustee's office early in this case pursuant to 11 U.S.C. §§ 1102(a) and (b). The Committee was appointed to generally represent the interests of General Unsecured Creditors and to participate in Debtor’s Chapter 11 case with respect to, among other things, the formulation of a plan of reorganization. The Committee is comprised of:

Themesoft, Inc. (Co-Chair)
c/o Sasikanth Nagasubramaniam
13601 Preston Rd., Suite W860
Dallas, TX 75240

MOD Mission Critical (Co-Chair)
c/o Michael Hollander
4950 South Yosemite St., #F2-367
Greenwood Village, CO 80111

Gregory M. Rodriguez
2 Kinghurst
San Antonio, TX 78248

Intervision Systems
c/o Jon Greco
2270 Walsh Ave.
Santa Clara, CA 95050

Lightower Fiber Networks
c/o Scot M. Callahan
80 Central St.
Boxborough, MA 01719

The Committee has retained Brad T. Summers of Ball Janik LLP, 101 SW Main St., Suite 1100, Portland, OR 97204, as its lead counsel.

II. VOTING PROCEDURES AND CONFIRMATION OF PLAN

A. BALLOTS AND VOTING DEADLINE

A ballot to be used for voting to accept or reject the Plan is enclosed with each copy of this Disclosure Statement. After carefully reviewing this Disclosure Statement and its exhibits, including the Plan, please indicate your acceptance or rejection of the Plan by voting in favor or against the Plan on the enclosed ballot as directed below.

The Bankruptcy Court has directed that, to be counted for voting purposes, ballots for the acceptance or rejection of the Plan must be received by Debtor no later than 4:00 p.m. Pacific time on ___________, 2017 at the following address:

Tonkon Torp LLP,
Attention: Spencer Fisher
1600 Pioneer Tower
888 SW Fifth Avenue
Portland, OR 97204-2099

or via facsimile transmission to Spencer Fisher at (503) 972-3867.

Holders of each Claim scheduled by Debtor or with respect to which a Proof of Claim has been filed will receive ballots and are permitted to vote based on the amount of the Proof of Claim, except as discussed below. If no Proof of Claim has been filed, then the vote will be based on the amount scheduled by Debtor in its Schedules. The Bankruptcy Code provides that such votes will be counted unless the Claim has been disputed, disallowed, disqualified, or suspended prior to computation of the vote on the Plan. A Claim to which an objection has been filed is not allowed to vote unless and until the Bankruptcy Court rules on the objection. Holders of disputed Claims who have settled their dispute with Debtor are entitled to vote the settled amount of their Claim. The Bankruptcy Code and rules provide that the Bankruptcy Court may, if timely requested to do so by the holder of such Claim, estimate or temporarily allow a disputed Claim for the purposes of voting on the Plan.

If a person holds Claims in more than one Class entitled to vote on the Plan, such person will be entitled to complete and return a ballot for each Class. If you do not receive a ballot or if a ballot is damaged or lost, please contact:

Tonkon Torp LLP
Attention: Spencer Fisher
1600 Pioneer Tower
888 SW Fifth Avenue
Portland, OR 97204-2099
Telephone: (503) 802-2167

All persons entitled to vote on the Plan may cast their vote for or against the Plan by completing, dating, and signing the enclosed ballot and returning it, by First Class mail or hand delivery, to Debtor at the address indicated above. In order to be counted, all ballots must be executed and received at the above address no later than 4:00 p.m. Pacific time on __________________, 2017. Any ballots received after 4:00 p.m. Pacific time on ________________________, 2017 will not be included in any calculation to determine whether the parties entitled to vote on the Plan have voted to accept or reject the Plan.

Ballots may also be received by Debtor by facsimile transmission to Tonkon Torp LLP, Attention: Spencer Fisher, at (503) 972-3867. Ballots sent by facsimile transmission will be counted if faxed to Mr. Fisher and received by 4:00 p.m. Pacific time on ___________________, 2017.

WHEN A BALLOT IS SIGNED AND RETURNED WITHOUT FURTHER INSTRUCTION REGARDING ACCEPTANCE OR REJECTION OF THE PLAN, DEBTOR WILL SEEK THAT THE SIGNED BALLOT SHALL BE COUNTED AS A VOTE ACCEPTING THE PLAN. WHEN A BALLOT IS RETURNED INDICATING ACCEPTANCE OR REJECTION OF THE PLAN BUT IS UNSIGNED, THE UNSIGNED BALLOT WILL NOT BE INCLUDED IN ANY CALCULATION TO DETERMINE WHETHER PARTIES ENTITLED TO VOTE ON THE PLAN HAVE VOTED TO ACCEPT OR REJECT THE PLAN. WHEN A BALLOT IS RETURNED WITHOUT INDICATING THE AMOUNT OF THE CLAIM OR INDICATING AN INACCURATE AMOUNT, THE AMOUNT SHALL BE AS SET FORTH ON DEBTOR'S SCHEDULES OR ANY PROOF OF CLAIM FILED WITH RESPECT TO SUCH CLAIM OR ORDER OF THE BANKRUPTCY COURT.

B. PARTIES ENTITLED TO VOTE

Pursuant to Section 1126 of the Bankruptcy Code, each Class of impaired Claims or Equity Security Holders that is not deemed to reject the Plan is entitled to vote to accept or reject the Plan. Any holder of an Allowed Claim that is in an impaired Class under the Plan, and whose Class is not deemed to reject the Plan, is entitled to vote. A Class is "impaired" unless the legal, equitable, and contractual rights of the holders of Claims in that Class are left unaltered by the Plan or if the Plan reinstates the Claims held by members of such Class by (1) curing any defaults; (2) reinstating the maturity of such Claim; (3) compensating the holder of such Claim for damages that result from the reasonable reliance on any contractual provision or law that allows acceleration of such Claim; and (4) otherwise leaving unaltered any legal, equitable, or contractual right of which the Claim entitles the holder of such Claim. Because of their favorable treatment, Classes that are not impaired are conclusively presumed to accept the Plan. Accordingly, it is not necessary to solicit votes from the holders of Claims in Classes that are not impaired. Classes of Claims or Interests that will not receive or retain any money or property under a Plan on account of such Claims or Interests are deemed, as a matter of law under Section 1126(g) of the Bankruptcy Code, to have rejected the Plan and are likewise not entitled to vote on the Plan. Classes 1 through 10 are impaired under Debtor's Plan; Class 11 is unimpaired under Debtor's Plan.

C. VOTES REQUIRED FOR CLASS ACCEPTANCE OF THE PLAN

As a condition to confirmation, the Bankruptcy Code requires that each impaired Class of Claims or Interests accept the Plan, subject to the exceptions described below in the section entitled "Cram Down of the Plan." In a "Cram Down," at least one impaired Class of Claims must accept the Plan in order for the Plan to be confirmed.

For a Class of Claims to accept the Plan, Section 1126 of the Bankruptcy Code requires acceptance by Creditors that hold at least two-thirds in dollar amount and a majority in number of the Allowed Claims of such Class, in both cases counting only those Claims actually voting to accept or reject the Plan. The holders of Claims who fail to vote are not counted as either accepting or rejecting the Plan. If the Plan is confirmed, the Plan will be binding with respect to all holders of Claims and Interests in each Class, including Classes and members of Classes that did not vote or that voted to reject the Plan.

D. "CRAM DOWN" OF THE PLAN

If the Plan is not accepted by all of the impaired Classes of Claims and Interests of Debtor, the Plan may still be confirmed by the Bankruptcy Court pursuant to Section 1129(b) of the Bankruptcy Code's "Cram Down" provision if the Plan has been accepted by at least one Impaired Class of Claims, without counting the acceptances of any Insiders of Debtor, and the Bankruptcy Court determines, among other things, that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to each non-accepting Impaired Class of Claims or Interests. Debtor believes the Plan can be confirmed even if it is not accepted by all impaired Classes of Claims and hereby requests the Bankruptcy Court to confirm the Plan in accordance with Section 1129(6) of the Bankruptcy Code or otherwise modify the Plan in the event any Class of Creditors does not accept the Plan.

E. CONFIRMATION HEARING

The Bankruptcy Court has scheduled a hearing on confirmation of the Plan to commence on ____________________, 2017, at _________ Pacific time. The confirmation hearing will be held at the U.S. Bankruptcy Court for the District of Oregon, Courtroom 1, 1001 SW Fifth Avenue, Portland, Oregon, before the Honorable Peter C. McKittrick, United States Bankruptcy Judge. At the hearing, the Bankruptcy Court will consider whether the Plan satisfies the various requirements of the Bankruptcy Code, including whether it is feasible and whether it is in the best interests of the Creditors of Debtor. Prior to the hearing, Debtor will submit a report to the Bankruptcy Court concerning the votes for acceptance or rejection of the Plan by the persons entitled to vote thereon.

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of the Plan. Any objections to confirmation of the Plan must be made in writing and filed with the Bankruptcy Court and received by counsel for Debtor and counsel for the Committee no later than _________________, 2017, by 4:00 p.m. Pacific time. Unless an objection to confirmation is timely filed and received, it will not be considered by the Bankruptcy Court.

III. COMPANY BACKGROUND AND INFORMATION

A. DEBTOR

Peak is a California limited liability company authorized to transact business in various jurisdictions, including the State of Oregon, and is headquartered in Oregon.

Peak provides managed hosting and consulting services. Peak started out as just a consulting company offering managed hosting solutions and helping businesses understand and tackle the technical side of their operations. Over time, Peak evolved into a true Operations-as-a-Service provider, melding its technical expertise and skills to completely identify, architect, build out, and maintain hosting networks. It takes care of all the technical needs. As its motto says, "Everything but your code ®." Peak has provided the servers, storage, network, datacenter, and staff for some of the largest online businesses. Peak's hosting business is essentially a "cloud" service provider for companies that do not want to build out an operations department to run all of these elements themselves.

Peak uses its confidential and proprietary trade secret technology and know-how to create network architectures that support the growth and volume of user data exchanged, stored, and processed through its clients' network applications. The complex network architectures are designed and built by Peak and have thousands of physical components and corresponding software that are uniquely configured to operate online applications at high rates of speed without latency, jitters, corruption, or failure. Peak developed its trade secret network architecture over more than fifteen years, with tens of thousands of engineering and architectural hours, and millions of dollars invested in its research and development.

B. DEBTOR'S GROWTH

Peak was founded by Jeffrey Papen in 2001. Over the course of thirteen years, Peak's revenue grew to approximately $1 million per month. Starting in 2013, a single customer, Machine Zone, Inc. ("Machine Zone"), grew Peak to $5 million in revenue per month over a 14-month period. To support its work for Machine Zone, Peak purchased over $35 million in hardware (approximately $25 million of which was personally guaranteed by Mr. Papen) and significantly increased its staff. By 2015, Peak employed approximately 185 people. Peak's equipment purchases and employee growth was done in reliance on Machine Zone's promise to pay the monthly recurring network hosting charges through 2017.

C. MACHINE ZONE LITIGATION

Machine Zone is the developer of Game of War and Mobile Strike, mobile gaming apps that are played by millions of people around the world who talk, collaborate, and compete in an expansive virtual environment 24 hours a day, seven days a week, using their handheld devices. Although free to download, the game is designed to encourage players to make in-game purchases to gain power and more quickly advance through the game. Game of War was an instant success and is one of the top grossing mobile gaming apps, generating millions of dollars in revenue per day and $600 million annually. Machine Zone grew rapidly and had a purported valuation of at least $10 billion.

Peak believes its network architecture is particularly valuable to Machine Zone because of Peak's thousands of unique design choices, configurations, and command codes that improve Game of War's speed and reliability, both of which are critical to Game of War's success and profitability.

Pursuant to the parties' written non-disclosure and network hosting agreements, Peak permitted Machine Zone to run Game of War using Peak's proprietary and trade secret network architecture while the parties' hosting contract was in effect. In

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exchange, Machine Zone agreed to pay Peak monthly recurring charges of approximately $4.08 million through at least October 1, 2017. Machine Zone also agreed that if it terminated the agreement early for convenience, Machine Zone was required to pay the remaining recurring monthly payments through the full term of the agreement and to cease using Peak's proprietary and trade secret architecture. Peak believes that shortly after the parties executed an extended network hosting agreement in February 2015, Machine Zone induced Peak to allow Machine Zone to copy its trade secret network architecture by falsely representing that it was building a back-up data center in Las Vegas to serve as a disaster recovery to Peak's primary data center in Dallas. Machine Zone disputes this. Pursuant to Machine Zone's representations and subject to the limitations in the parties' written agreements, Peak provided Machine Zone with its trade secret network topology, configurations, command codes, and other confidential know-how that, Peak believes, Machine Zone copied to build an identical network architecture in Machine Zone's Las Vegas data center.

On October 27, 2015, Peak contends that a previously unknown and undocumented Cisco Systems, Inc. ("Cisco") software bug caused a Cisco Nexus switch in Peak's network system to malfunction, resulting in a Game of War outage. Cisco, a third-party vendor, with the help of Peak, immediately began an investigation to determine what triggered, and how to fix, the previously unknown Cisco bug. Cisco confirmed in writing that the outage was Cisco's fault and caused by the software bug ID CSCux02122 in its Nexus switch. Cisco has since released a software patch to fix the bug. The agreement between Peak and Machine Zone expressly provides that: (1) Peak is not responsible for network outages caused by vendor software bugs, and (2) a single outage is not grounds to terminate the agreement. Nevertheless, on October 28, 2015, the day after the network outage, and without knowing what caused the outage, Peak contends that Machine Zone notified Peak it was terminating the agreement, claiming that Peak had materially breached the agreement due to the October 27th outage. Peak believes Machine Zone terminated the agreement early and without cause because it had already obtained and used Peak's trade secrets, confidential information, and technical know-how to duplicate Peak's network system and manage its network operations in-house. Machine Zone disputes this.

Machine Zone gave formal written notice of termination on October 29, 2015, but demanded that Peak continue to host Game of War through Peak's Dallas data center until December 27, 2015. Peak believes this gave Machine Zone sufficient time to transfer Game of War to its Las Vegas data center without incurring significant revenue loss by taking the game offline for several weeks. Although Peak could have shut down Game of War's network operations after being wrongfully terminated, costing Machine Zone tens of millions of dollars in lost revenue, Peak continued to provide network hosting services in good faith until December 27, 2015. In doing so, Peak incurred significant dollars in overhead costs which otherwise would not have been incurred. Machine Zone accepted these services but concealed for months that it never intended to pay Peak the money owed for network hosting services from October 1 through December 27, 2015, despite continuing to accept Peak's performance of its services and generate millions of dollars a day by using Peak's trade secrets and confidential know-how in Machine Zone's Las Vegas data center.

Machine Zone was 80% of Peak's business, and Peak relied on Machine Zone's promise to pay the remaining $4.08 million per month in recurring network hosting charges through the full term of the agreement. In addition to the amounts owed for October through December 27, 2015, the agreement provides that because Machine Zone terminated the agreement early and for convenience, Machine Zone must pay Peak the amounts owed for the remaining term of the agreement (from the date of termination through October 1, 2017), for a total in excess of $100 million in damages. Under the contract, Peak is also entitled to pre-judgment interest at the rate of 10% per annum and to recover its attorneys' fees in the suit. Further, although the agreement requires Machine Zone to cease all use of

Peak's trade secrets and confidential information upon termination of the agreement regardless of whether it was terminated for cause or convenience, Peak believes Machine Zone is continuing to use Peak's trade secrets and confidential information without authorization. Finally, based on its investigation, Peak also believes that Machine Zone breached other provisions of the agreement, including provisions related to the use of confidential information and to the payments owed on the equipment purchased by Peak to perform the contract. Peak believes that these breaches, as well as the misrepresentations that Machine Zone made, provide separate and additional grounds for seeking substantial damages from Machine Zone.

On November 25, 2015, Machine Zone filed a complaint against Peak in the Superior Court of California, County of Santa Clara, Case No. 1-15-cv-288498. Machine Zone alleges causes of action for: (1) Breach of Contract; (2) Declaratory Relief of Right to Terminate MSA; (3) Breach of Covenant of Good Faith and Fair Dealing; (4) Fraudulent Inducement; (5) Rescission; (6) Negligent Misrepresentation; and (7) Promissory Estoppel. Machine Zone alleges that Peak Hosting's network architecture failed to meet industry standards, causing Game of War to have numerous network outages. Machine Zone is seeking $23 million in compensatory and consequential damages based on the amounts paid to Peak Hosting prior to its termination notice.

On December 3, 2015, Peak filed its complaint against Machine Zone and Epic War in the complex department of the Superior Court of California, County of Santa Clara, Case No. 1-15-cv-288681. Peak alleges causes of action for: (1) Misappropriation of Trade Secrets; (2) Breach of Contract; (3) Breach of the Implied Covenant of Good Faith and Fair Dealing; (4) Negligent Misrepresentation; (5) Fraudulent Inducement; (6) Unfair Competition; (7) Promissory Estoppel; (8) Conversion; and (9) Declaratory Relief. Peak alleges that Machine Zone's claims that Peak materially breached the Agreement was a pretext for Machine Zone's decision to terminate the Agreement after building its own data center using Peak's trade secrets and confidential know-how. Peak seeks to recover more than $100 million in damages and other relief, including $97.3 million in liquidated damages under the contract as well as millions of dollars in pre-judgment interest and contractual attorneys' fees. Peak also seeks substantial additional monetary and injunctive relief, including disgorgement of profits, based on its claim that Machine Zone and Epic War misappropriated Peak's trade secrets to facilitate and expedite Machine Zone's transition to a new data center in Las Vegas.

On December 4, 2015, Peak offered to consolidate the two actions in the Superior Court's complex civil Litigation department, and proposed the parties stipulate to maintaining the status quo and preserving all rights while they attempted to mediate the dispute. On December 23, 2105, Machine Zone stipulated to consolidation of the actions. On January 4, 2016, the Superior Court issued an order deeming the cases complex within the meaning of California Rule of Court 3.400. As such, the cases would have a single judge for all purposes, including trial, and since the judge only handles complex civil litigation, the trial date would not be postponed due to priority of criminal trials, which frequently occurs in other civil departments.

On January 15, 2016, the Superior Court issued an order consolidating the cases in the complex department. The same day Peak served its trade secret disclosure statement with notice to Machine Zone that it intended to appear *ex parte* on January 20, 2016 for hearing on Peak's application for Temporary Restraining Order ("TRO") and Writ of Attachment ("Writ"). On January 20, 2106, the Superior Court held a hearing on Peak's TRO and Writ. The Court denied the TRO and Writ without prejudice, and set an early hearing on Peak's motion for preliminary injunction and permitted limited discovery concerning Peak's trade secret claims subject to any objections by Machine Zone to Peak's trade secret disclosure statement. The Court also suggested that the parties pursue an earlier mediation. Machine Zone agreed to mediation, and on March 8, 2016, the parties attended mediation with the Hon. James Kleinberg (Ret.) at JAMS. The parties did not reach a settlement.

On March 25, 2016, the parties attended the Initial Case Management Conference ("CMC"). At the CMC, Peak stated it would take its motion for preliminary injunction off calendar if the Superior Court lifted the stay on discovery and set an early March 6, 2017 trial date. Machine Zone objected to setting a trial date, and instead requested phased discovery and motion practice limited to Peak's trade secret claims. The Superior Court adopted Peak's request and set trial for March 6, 2017, lifting the stay on all discovery, which was to proceed in accordance with the California Code of Civil Procedure. Thereafter, the parties exchanged and responded to extensive written discovery, including form and special interrogatories, requests for production, and requests for admission. The parties also subpoenaed Cisco, which is located in Northern California and thus within the state court's jurisdiction, for documents and depositions related to the Cisco software bug.

Using outside eDiscovery vendors, the parties engaged in collecting the substantial volume of electronically stored information ("ESI") from numerous custodians and datasets, and agreed to produce documents pursuant to mutually agreeable search terms. The parties extensively met and conferred with Cisco's retained counsel to obtain responsive documents and deposition dates regarding one of the central liability issues in the case. The parties also met and conferred on issues related to party discovery, and after Peak served an amended trade secret disclosure statement to address Machine Zone's objections, the parties agreed to proceed while reserving right to avoid burdening the Superior Court with discovery disputes. When Peak filed for bankruptcy, the parties were in the process of preparing to produce documents and schedule depositions, including Cisco's deposition following Cisco's production. The status of the litigation following the bankruptcy filing is further described below.

As a result of Machine Zone's departure, Peak's business needs dramatically changed. For example, Peak initially reduced its work force from approximately 185 people to less than 50 people; it consolidated its data centers from five to one; it has had to spend considerable time analyzing its current equipment needs and returning equipment it no longer required; and it moved out of its prior office space.

Mr. Papen and others at Peak have spent and continue to spend significant time participating in the litigation with Machine Zone and pursuing a judgment against Machine Zone.

D. CORPORATE OFFICERS, DIRECTORS AND MANAGEMENT TEAM

Peak's management team is currently comprised of (1) Jeffrey Papen, Chief Executive Officer and founder; (2) Jon Billow, President and Chief Technology Officer; and (3) Lisa Bunday, Chief Financial Officer; all of whom are located in Oregon. Post-confirmation, Mr. Billow will serve as the President and principal active manager of Reorganized Debtor. Mr. Papen will not be part of the management team or receive a salary but will continue to be involved in the company to generate sales and to focus on the Machine Zone Litigation. To the extent Mr. Papen generates sales, he is expected to receive a commission on the same basis as other sales personnel. Sales commissions are generally calculated at 10% of net revenue received on a contract-by-contract basis.

Mr. Billow is responsible for leading Peak in developing an effective strategic plan to advance its mission and objectives. He provides leadership for all aspects of the company, including product, system, network, software, customer engineering, sales and marketing, and operations. His experience in ensuring production efficiency, quality, service, and cost-effective management of resources is critical to the ongoing success of Peak.

Mr. Billow is an experienced executive leader with over 20 years' success as a C-level executive with companies such as Vircon, Reipan, CPP, and NameSecure.com.

Additionally, he has built and sold several IT consultancy companies and worked with many Fortune 100 companies. Mr. Billow received his master's and bachelor's degrees in Information Systems from Corlins University. He served in the U.S. Army as a second lieutenant in the 75th Regiment, 3rd Ranger Battalion. Mr. Billow will remain as President of Reorganized Debtor, be issued equity of 500 Common Units and be paid an annual compensation of $280,000, plus $50,000 available as incentive bonuses for achieving revenue and profitability thresholds. All Debtor's employees are at-will employees. Reorganized Debtor's new equity holders will have the authority to appoint or change management in accordance with the terms of the LLC Agreement and consistent with the objectives of the Plan, meaning that Reorganized Debtor's objective must remain to implement the Plan and make required payments to creditors. There are no retiree benefits to be paid by Reorganized Debtor.

IV. EVENTS LEADING TO THE BANKRUPTCY FILING

Peak's bankruptcy filing was precipitated by Machine Zone's actions, and the resulting financial loss to Peak, as described above.

As a result of Machine Zone's actions, and before filing its Bankruptcy Case, Peak made significant cuts in staffing and worked to negotiate payment plans and/or the return of equipment with many of its lenders and lessors. However, it was unable to reach agreements with all of its lessors and lenders, and could not afford to continue making payments on the equipment it leased or financed to support its former customer, Machine Zone. Machine Zone, for its part, breached its obligations to negotiate in good faith to take over Peak's payments to the lenders and lessors. As a result, Peak filed for Chapter 11 bankruptcy protection.

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V. SIGNIFICANT POST-PETITION EVENTS

A. FIRST DAY MOTIONS

Early in the case, Peak obtained a number of Bankruptcy Court orders designed to ensure a smooth transition through Chapter 11. These orders authorized Peak to, among other items, pay employees, make utility deposits, and obtain funds for continued operations. Peak obtained court approval to use the cash collateral of Bank of the West to pay the ongoing Chapter 11 expenses through cash collateral orders. The Court entered an Interim Order Authorizing the Use of Cash Collateral on June 15, 2016 and a Final Order Authorizing the Use of Cash Collateral on August 4, 2016.

B. DEBTOR-IN-POSSESSION LOANS

As part of its early transition into bankruptcy, Peak also obtained post-petition financing to support business operations and fund the out-of-pocket costs associated with the Machine Zone Litigation. A detailed description of these two loans can be found at bankruptcy docket numbers 207 and 220 or by contacting counsel for Peak. A summary of the material terms of the loans is as follows:

1. Operating Loan

Peak entered into an agreement with PSA 9, LLC ("PSA 9") whereby PSA 9 agreed to loan Peak up to $500,000 to support Peak's operations as set forth in the Final Order Authorizing Debtor to Obtain Unsecured Credit Pursuant to Bankruptcy Rule 4001 (Operating Loan) [ECF No. 207] ("Operating Loan"). PSA 9 is owned by Vernon Ventures, LLC, which is the sole member and sole manager of PSA 9. Vernon Ventures, LLC is solely owned by Joyce Chang, who is the wife of the owner of the entity that owns a 20% interest in Peak. Peak has drawn the entire $500,000 of the Operating Loan from PSA 9.

Pursuant to the terms of Peak's agreement with PSA 9, PSA 9 has an unsecured Administrative Expense Claim under Section 503(b)(1) of the Bankruptcy Code, which shall be subject and subordinate only to (a) unpaid fees of the U.S. Trustee pursuant to

11 U.S.C. § 1930(a), and (b) unpaid Administrative Expense Claims for professional fees and expenses to the extent allowed pursuant to 11 U.S.C. § 330 and incurred prior to the entry of any order converting this case to a case under Chapter 7 of the Bankruptcy Code. The Operating Loan stated that it may be converted to equity in Reorganized Debtor upon confirmation of a plan of reorganization. Debtor's Plan provides the terms for conversion of the Operating Loan to new preferred equity in Reorganized Debtor.

2. Litigation Loan

As described below, Peak is represented by Susman Godfrey and Ropers Majeski in its litigation with Machine Zone. Susman Godfrey is being paid on a contingent fee basis; Ropers Majeski is being paid by Peak's insurer. Although Peak is not obligated to pay its legal fees in the litigation as they are incurred, it is obligated to pay out-of-pocket costs incurred by Susman Godfrey as they are incurred. Accordingly, Peak entered into an agreement with PSA 9 whereby PSA 9 agreed to loan Peak up to $1.5 million to cover Peak's out-of-pocket costs and expenses in the litigation. On August 9, 2016, the Bankruptcy Court entered a Final Order Authorizing Debtor to Obtain First Priority Secured Credit (Litigation Loan) [ECF No. 220] (the "Litigation Loan"). As Debtor has represented to the Court, once funds become available to Mr. Papen, the Debtor intends to seek Court approval for Mr. Papen to participate in the Litigation Loan by loaning his personal funds to Peak. Although there was no written agreement between PSA 9 and Mr. Papen, it was the expectation of the parties that Mr. Papen would fund a portion of the Litigation Loan once his divorce was finalized, which Debtor anticipates will occur soon. PSA 9 has no other relationship with Mr. Papen. The Litigation Loan funds will enable Peak's legal counsel to properly prepare the prosecution and defense of the litigation in a timely manner.

Pursuant to the terms of the Litigation Loan, PSA 9 obtained a perfected, first-position security interest and continuing lien on Peak's right, title, and interest in the Machine Zone Litigation, which lien is prior to any and all other liens. To date, Peak has drawn $200,000 of the Litigation Loan from PSA 9. The Litigation Loan will be transferred to the Litigation Trust and be paid as a Secured Creditor from the proceeds of the Machine Zone Litigation or, if sufficient proceeds are not available, then as a general Unsecured Creditor from the other Litigation Trust Assets or Reorganized Debtor. For the avoidance of any doubt, PSA 9's lien is limited to the proceeds from the Machine Zone Litigation and does not extend to any proceeds of avoidance actions or proceeds recovered from other actions commenced by the Litigation Trust.

C. RELIEF FROM STAY

Peak has been returning significant amounts of equipment to equipment vendors both pre- and post-petition. In order to help vendors reduce expenses and be able to promptly proceed with the liquidation of returned equipment, Peak sought and obtained an order granting relief from the automatic stay of the bankruptcy to allow each vendor with equipment that was returned to it by Peak to liquidate that equipment in a commercially reasonable manner. The relief from stay is not to obtain equipment from Debtor, but to dispose of any equipment that is voluntarily returned by Debtor to an equipment vendor.

In order for Machine Zone's claims against Peak in the litigation to proceed during Peak's Chapter 11 case, Peak and Machine Zone have entered into a stipulated order to modify the automatic stay imposed by 11 U.S.C. § 362, such that Peak and Machine Zone can fully prosecute and defend all claims and defenses in their litigation.

D. REMOVAL AND REMAND

The Machine Zone Litigation was originally filed in Superior Court of California, in Santa Clara County. The case was specially assigned to the complex case department, given a specific judge, and a date certain trial date was set. The case was to go to trial in March 2017. After the Bankruptcy Case was filed, Machine Zone filed a Notice of Removal removing the consolidated Machine Zone action to the United States Bankruptcy Court for the District of Northern California, Case No. 16-05045 (the "Northern District

Action"). The state court subsequently vacated all dates, including trial, and all party and third-party discovery was put on hold.

On July 8, 2016, the parties submitted a stipulation and proposed order in the Northern District Action, requesting a transfer of venue to the United States District Court for the District of Oregon under 28 U.S.C. § 1412. The transfer order was entered on July 15, 2016. On July 22, 2016, Peak filed a Motion for Abstention and to Remand the case back to state court. On August 29, 2106, the Bankruptcy Court agreed with Peak and entered an order remanding the proceeding back to California state court. Machine Zone ~~has~~ appealed the Bankruptcy Court's order and the appeal was heard ~~is currently pending~~ in the United States District Court for the District of Oregon~~. The matter has been fully briefed.~~ Oral argument ~~is set for~~was held on February 6, 2017, and~~.~~ on February 7, 2017, the District Court issued an Opinion and Order denying the appeal and affirming the Bankruptcy Court's remand order.

~~Peak believes the Bankruptcy Court's remand order will be upheld by the District Court on appeal, and that t~~The litigation will continue to proceed in California state court. It is Peak's desire to proceed with the litigation on the merits as quickly as possible. A case management conference was held in the state court litigation on October 28, 2016. At that time the state court scheduled a trial in the Machine Zone Litigation to commence on July 10, 2017. The July trial date was subsequently taken off of the court's docket by the California state court. Peak believes the trial will now occur in the fall of 2017.

On December 5, 2016, the parties engaged in mediation in Newport Beach, California. All statements and communications made in connection with the mediation process are strictly confidential and cannot be disclosed. The case did not settle at the mediation but additional mediation sessions may be held. Subsequent to, and outside of the mediation, Machine Zone made a settlement offer to Peak on December 8, 2016, which was not accepted.

On December 20, 2016, Machine Zone filed a substitution of attorney in the Machine Zone Litigation; Machine Zone is now represented by Gibson, Dunn & Crutcher LLP in the Machine Zone Litigation.

E. RETURN OF EQUIPMENT

As described above, as a result of Machine Zone's departure, Peak's equipment needs dramatically changed. Since the Petition Date, Peak has continued to spend considerable time analyzing its current equipment needs and returning equipment it no longer requires. This has been a time-consuming and difficult process due to operational and logistical issues. The equipment that has been returned and continues to be returned is being packaged and located at a third-party warehouse. That warehouse has certain limitations, including, but not limited to, how much palletized equipment can be on the floor at any one time. Peak is prohibited from operating the forklifts at the warehouse location; only the third party is authorized to do so. Once the pallets for a creditor are pulled and staged, all organization of other creditors' equipment must stop until the first creditor picks up its equipment. Once the equipment is pulled off the shelf, the final inventory for the pallet is completed and the pallets are shrink-wrapped to help protect the inventory. These steps take time and if a creditor does not show up to pick up the inventory on specified date, the process is delayed. Also, some leases have been assigned to other parties. Where that occurs, pallets need to be taken apart and resorted so that the equipment can be separated and go to the new assignee. This all takes time given the significant amount of equipment being returned.

F. CLOSING OF HOSTING BUSINESS AND ASSIGNMENT OF CONTRACTS

Peak's lease for its remaining hosting site expired at the end of 2016. Due to the loss of the Machine Zone business, Peak needed to downsize the amount of space it leased at that location. Peak was unable to negotiate an extension of the lease for less space. As a result, Peak vacated the premises by December 31, 2016 and terminated its hosting. Consequently, Peak is also returning all equipment associated with the hosting operations to the various equipment lessors and secured creditors. All equipment was removed from the premises by December 31, 2016 and has been or will be returned to Creditors..

Peak entered into an agreement with IT Lynk to assume and assign the Peak hosting contracts to IT Lynk. In exchange, Peak will receive 5.5% of the monthly recurring revenues received by IT Lynk for a period of time under those contracts. On December 9, 2016, Peak filed a Motion to Assume and Assign Executory Contracts (Hosting Agreements) [ECF No. 428] with the Bankruptcy Court to approve the assumption and assignment, which Motion was subsequently granted. The transaction with IT Lynk closed by the end of 2016. Now that the hosting location is closed and the hosting contracts have been assigned to IT Lynk, Peak will focus exclusively on managed services and consulting work.

G. PAPEN INJUNCTION

Mr. Papen, as founder and 80% owner of Peak, signed numerous personal guarantees on loans and leases with various vendors. Two of the vendors filed lawsuits to pursue claims against Mr. Papen on his guarantee during the pendency of the Bankruptcy Case. Peak believes that Mr. Papen's time, money, and energy is best spent reorganizing Peak and prosecuting the Machine Zone Litigation. That will result in the highest and best return to all creditors. Consequently, Peak sought and obtained a preliminary injunction prohibiting those vendors from pursuing lawsuits or other collection actions against Mr. Papen pending confirmation of a plan of reorganization. The injunction is presently set to expire on February 28, 2017, but Debtor ~~will seek~~has requested an extension through the date a Plan of Reorganization is confirmed.

H. AVOIDABLE LIENS AND PREFERENCES

Peak has not yet undertaken a comprehensive preference analysis, but has conducted a preliminary analysis. To date, Peak has identified three avoidable liens. At this time, Peak has entered into stipulated orders with Capital Community Bank and Data Sales

Co., Inc. avoiding the liens on the Machine Zone Litigation that were granted to them within 90 days of the Petition Date. Peak attempted to reach a similar order with Collins Technology Park Partners, LLC and Digital Loudoun Parkway Center North ("Digital/Collins"), but has been unable to do so to date. On December 2, 2016, Debtor filed an adversary proceeding against Digital/Collins to avoid its lien and seek the return of funds paid to it within 90 days of the Petition Date. Peak is not aware of any additional avoidance actions at this time, but further analysis may disclose avoidance actions not currently contemplated. The Digital/Collins adversary proceeding and all other preference claims and other avoidance and recovery claims under Chapter 5 of the Bankruptcy Code will be transferred to the Litigation Trust.

I. EMPLOYMENT OF PROFESSIONALS

Debtor has retained Tonkon Torp LLP as its general counsel in this case. Debtor also sought and obtained Bankruptcy Court approval for the employment of (1) Cascade Capital Group, LLC as a business and financial consultant; (2) Susman Godfrey LLP ("Susman Godfrey"), as special Litigation counsel, to be paid on a contingent fee basis; (3) Ropers Majeski Kohn Bentley PC ("Ropers Majeski"), as special Litigation counsel, to be paid by Debtor's insurance; (4) Henderson Bennington Moshofsky, P.C. and Isler Northwest LLC, as Debtor's accountants; and (5) Acme Financial, LLC as a valuation consultant.

J. BUSINESS ADJUSTMENTS

Since filing for Chapter 11 protection, Peak has re-evaluated its business needs and options. First and foremost, as a result of Machine Zone's conduct, Peak was immediately forced to reduce its data centers from five to one. As stated above, Peak's lease with its remaining data center expired at the end of 2016. Peak explored numerous options for extending this lease or moving to a new data center but was unable to do either on a profitable basis. Because of its loss in revenue due to Machine Zone's actions, Peak determined that it could not extend its lease for the remaining data center and temporarily ceased providing hosting services. However, Peak will continue operations and reorganize its business focused on managed services and consulting pending the results of the Machine Zone Litigation.

The move to managed services and consulting will eliminate many fixed costs. Peak will continue to assess and adjust its staff size, while being careful to retain key personnel necessary to pursue the Machine Zone Litigation. Peak will retain only a limited amount of equipment needed for the consulting operations. Peak intends to resume providing managed hosting services when it receives a recovery in the Machine Zone Litigation or other opportunities are sufficient to recapitalize the hosting operations.

VI. ASSETS AND LIABILITIES

A. ASSETS

1. Personal Property

As of the Petition Date, Peak's hard assets consisted primarily of computer-related equipment. A detailed list (120 pages in length) of this equipment can be found at Schedule B, Attachment #3 [Docket No. 113]. The equipment was either leased pursuant to true leases or financed pursuant to capital leases. To the extent a portion of equipment under a lease is being retained, Peak will pay the present value of that equipment as a Secured Claim. As of the Effective Date, Peak will have returned all equipment that is not necessary for its continued operations. As of the Petition Date, Peak also had some miscellaneous office furniture and capital equipment with little market value. A list of those items can be found at Schedule B, Attachments #1 and #2 [Docket No. 113]. Peak also had cash and accounts receivable as of the Petition Date, including a receivable from Mr. Papen in the amount of $262,032.58. Peak has made demand for payment of Mr. Papen's receivable and expects to be paid prior to confirmation.

Peak's primary asset is its claims against Machine Zone in the Machine Zone Litigation: (a) misappropriation of trade secrets, (b) breach of contract, (c) breach of the implied covenant of good faith and fair dealing, (d) negligent misrepresentation, (e) fraudulent inducement, (f) unfair competition, (g) promissory estoppel, (h) conversion, and (i) declaratory relief. The basis for these claims is described in detail in Section III.C above. Peak's contract damages in the Machine Zone Litigation are in excess of $100 million, plus interest and attorneys' fees, and Peak may be amending its claims after additional discovery to increase the amount of the claims asserted against Machine Zone.

B. LIABILITIES

1. Bank of the West

According to the proof of claim filed by Bank of the West, the amount of debt owing to Bank of the West as of the Petition Date is $6,278,189.39 in principal, plus $21,627.07 in interest, and $8,855.67 in late charges. The obligations of Peak to Bank of the West are secured by a perfected blanket security interest in Peak's inventory, equipment, accounts, general intangibles, and the contract claims in the Machine Zone Litigation, among other things.

2. Equipment Lenders

a. Operating Leases. Peak had operating leases for equipment with numerous lessors. Peak has rejected all of its operating leases pursuant to an Order Granting Debtor's Motion to Reject Executory Contracts and Unexpired Leases entered on September 15, 2016 [ECF No. 290]. It initially retained certain equipment with various lessors pursuant to stipulated adequate protection orders. However, with the closing of the hosting business, Peak will only be retaining certain laptops, desktops and miscellaneous equipment for use in its ongoing consulting business. All other equipment is no longer being used by Peak and has been, is in the process of being, or will be returned to the equipment vendors. The lessors will have Unsecured Claims for any deficiency balance owing after mitigating their damages by liquidating the returned equipment. The equipment lessors with leases that have been rejected include the following:

- Banc of America has an operating lease (assigned from Winthrop) identified by Debtor as PE040115-001 and PE040115-A01.
- Bank of the West has an operating lease (sold by Western (assigned from VAR)) identified by Debtor as DAL2 Build Sch 7.
- Data Sales Co. has an operating lease identified by Debtor as Lease #54-10159 Sch 10, Lease #54-10159 Sch 6, Lease #54-10159 Sch 7, Lease #54-10159 Sch 8, and Lease #54-10159 Sch 9.
- Dell Financial Services has an operating lease identified by Debtor as Lease #001-6454564-519, Lease #001-6454564-521, Lease #001-6454564-522, Lease #001-6454564-528, Lease #001-6454564-529, Lease #001-6454564-530, Lease #001-6454564-531, Lease #001-6454564-532, Lease #001-6454564-533, Lease #001-6454564-534, Lease #001-6454564-535, Lease #001-6454564-536, Lease #001-6454564-543, Lease #001-6454564-549, Lease #001-6454564-550, Lease #001-6454564-553, Lease #001-6454564-554, and Lease #001-6454564-555.
- Ever Bank has an operating lease (assigned from VAR) identified by Debtor as DAL2 Build Sch 4.
- HP Financial Services has an operating lease identified by Debtor as Sch 1, Sch 2, Sch 3, Sch 4, Sch 5, Sch 6, Sch 7, and Sch 8.
- NFS has an operating lease identified by Debtor as 2014-205 Sch 3, 900-6454564-542, 900-6454564-544, 900-6454564-545, 900-6454564-547, and 900-6454564-548.
- Presidio Technology Capital, LLC has an operating lease identified by Debtor as Sch 1.

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- UniFi has an operating lease (assigned from VAR) identified by Debtor as DAL2 Build Sch 3.
- US Bank has an operating lease (assigned from VAR) identified by Debtor as DAL2 Build Sch 2.
- Wells Fargo Equipment Finance has an operating lease (assigned from VAR) identified by Debtor as 603-0050121- Sch 2, 3, 4, and DAL2 Build Sch 6.
- Winthrop Resources Corporation has an operating lease identified by Debtor as PE040115-A02.

Debtor has determined it will retain certain equipment previously leased from Data Sales. Data Sales will be treated as a Class 4 Claim to the extent of the retained equipment.

b. Capital Leases and Secured Loans. Peak also has capital leases for equipment with numerous secured lenders. Capital leases are disguised financing agreements in which the lessors are actually lenders. The Claims of those creditors are classified as Secured Claims to the extent equipment is being retained and unsecured for the balance of their claim. Certain parties dispute Debtor's characterization of capital leases as disguised financing agreements. Peak has returned, is in the process of returning, or will return to its lenders all of the equipment related to the hosting business so most issues over the characterization as a true lease or disguised financing agreement will not be material. The capital lease equipment lenders as of the Petition Date were as follows:

- Axis Capital Inc. and Debtor are parties to a secured financing agreement identified by Debtor as Axis Sch 1, and Axis Sch 2.
- Balboa Capital Corporation has a capital lease (assigned from VAR) identified by Debtor as 173339-001, Splunk 1, and Splunk 2.

- Capital Community Bank has a capital lease (assigned from Quail) identified by Debtor as CC Bank.
- Cisco Systems Capital Corporation has a capital lease identified by Debtor as Schedule 001, Schedule 002, Schedule 003, Schedule 004, Schedule 005, Schedule 006, Schedule 007, Schedule 008, Schedule 009, Schedule 010, Schedule 011, Schedule 012, Schedule 013, Schedule 014, Schedule 015, Schedule 016, Schedule 017, Schedule 018, Schedule 019, Schedule 020, Schedule 021, Schedule 022, Schedule 023, and Schedule 024.
- CIT Finance LLC has a capital lease identified by Debtor as EMC Equip Sch 1, EMC Equip Sch 2, EMC Equip Sch 3, EMC Equip Sch 4, EMC Equip Sch 5, and NFS Lease taken by CIT.
- Dell Financial Services has a capital lease identified by Debtor as 001-6454564-537, 001-6454564-538, 001-6454564-539, 001-6454564-540, 001-6454564-546, 001-6454564-551, 001-6454564-552, 001-6454564-556, 001-6454564-557, 001-6454564-558, 001-6454564-559, 001-6454564-560, 001-6454564-561, 001-6454564-562, and 001-6454564-563.
- Financial Pacific Leasing, Inc. has a capital lease (assigned from Quail) identified by Debtor as Fin Pac 976810, Sch 302. Fin Pac (Umpqua) has a capital lease (assigned from Fort) identified by Debtor as 976810, Sch 301.
- Hitachi Capital America Corp. has a capital lease (assigned from LEAF) identified by Debtor as EQ order - Sch 4, EQ order - Sch 5, EQ order - Sch 6, EQ order - Sch 7, and EQ order - Sch 8.

- Huntington Technology Finance Inc. has a capital lease (assigned from Fort) identified by Debtor as EFA 1503261, EFA 1504291, and EFA1503161.
- Key Bank has a capital lease (assigned from TFC) identified by Debtor as Sch 2.
- NFS Leasing Inc. has a capital lease identified by Debtor as 900-6454564-541.
- Origin Bank has a capital lease (assigned from Fort) identified by Debtor as Cencor Sch 3.
- Pacific Western Bank has a capital lease (assigned from Fort) identified by Debtor as Cencor Sch 1, and Cencor Sch 4.
- PNC Equipment Finance has a capital lease (assigned from VAR) identified by Debtor as 10-25 Sch 1, and DAL2 Sch 5 #6400.
- Prime Alliance Bank has a capital lease (assigned from Fort) identified by Debtor as Cencor Sch 2.
- Royal Bank has a capital lease (assigned from Fort) identified by Debtor as EFA 1505111.
- Sterling National Bank has a capital lease (assigned from LEAF) identified by Debtor as EQ order - Sch 10, and EQ order - Sch 9.
- Susquehanna Commercial Finance has a capital lease (assigned from LEAF) identified by Debtor as EQ order - Sch 3, and IV order - Sch 2.
- Unifi Equipment Finance has a capital lease (assigned from VAR) identified by Debtor as 10-25 Sch 3 #174238.
- US Bank has a capital lease (assigned from TFC) identified by Debtor as Sch 3, 10-25 Sch 2 #1859-001, Dell IAD2 9-2013, and Dell MLP1 9-2013 #1999-001.

- Wells Fargo Financial Leasing, Inc. has a capital lease (assigned from VAR) identified by Debtor as #766106 #17451-001.
- Western Equipment Finance has a capital lease (assigned from VAR) identified by Debtor as 10-25 Sch 4 #489-004.

Debtor has determined that it will retain certain equipment from US Bank, Huntington Technology, and Bank of the West for continued use in the consulting business. US Bank will be treated as a Class 3 Claim, Huntington Technology as a Class 2 Claim, and Bank of the West as a Class 1 Claim with respect to the retained equipment.

3. Unsecured Creditors

The total number of unsecured creditors who were either scheduled by Peak or filed claims is approximately 110. The total amount of Unsecured Claims scheduled by Peak or filed by Creditors is approximately $55,000,000 (including the approximately $23,000,000 claim of Machine Zone) as of the date of this Disclosure Statement. This amount excludes any duplication for scheduled and filed claims. Peak estimates that additional Rejection Claims will be filed after the return and liquidation of the equipment which may substantially increase the claims amounts. Peak is unable to estimate the amount of Rejection Claims at this time as Peak's books and records reflect monthly amounts previously owing to lessors and not total payments for the entire duration of the lease. Consequently, Peak is unable to estimate at this time what will be the final total amount of all Unsecured Claims.

Peak expects it will prevail in the Machine Zone Litigation in an amount that will provide for payment in full to Unsecured Creditors and result in a distribution to Interest holders. If Peak does not prevail in the Machine Zone Litigation, General Unsecured Creditors will still be entitled to distributions from Reorganized Debtor's operations. Assuming that Peak distributes $~~767,000~~891,930 of Adjusted Net Income ~~-~~from 2017 through 2021, as it projects, and assuming there are Allowed Claims of $55 million, General Unsecured Creditors will receive a distribution from Reorganized Debtor of approximately

~~1.4~~1.6%. If the Allowed Claim amounts are more or less than $55 million, the distributions to General Unsecured creditors will increase or decrease accordingly. Notably, the $55 million in claims schedule by Peak or filed by creditors includes Machine Zone's claim filed in the approximate amount of $23 million to which Debtor has filed an objection. The actual distribution to Unsecured Claims will not be known until all Rejection Claims have been filed and all Claim objections have been resolved. Alternatively, Creditors are given the right to convert their debt into equity in Reorganized Debtor. However, such an investment should be based on the long-term future of Reorganized Debtor as the projections indicate that any return on investment to Common Unit holders would not begin to be realized until the year 2021. Prior to that time all funds are projected to be distributed to Creditors or in payment of the Series A Preferred Unit holder.

VII. DESCRIPTION OF PLAN

A. BRIEF EXPLANATION OF CHAPTER 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under Chapter 11, a debtor is authorized to reorganize its business for the benefit of itself, its creditors, and equity holders. In addition to permitting rehabilitation of Debtor, another goal of Chapter 11 is to promote equality of treatment of creditors and equity holders of equal rank with respect to the distribution of a debtor's assets. In furtherance of these two goals, upon the filing of the reorganization under Chapter 11, Section 362 of the Bankruptcy Code generally provides for an automatic stay of substantially all acts and proceedings against Debtor and its property, including all attempts to collect debts or enforce liens that arose prior to commencement of Debtor's case under Chapter 11.

The confirmation of a plan of reorganization is the principal objective of a Chapter 11 reorganization case. A plan of reorganization sets forth the means for satisfying claims against, and interests in, a debtor. Confirmation of a plan of reorganization by a bankruptcy court makes the plan binding upon Debtor, any issuer of securities under the plan,

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any person acquiring property under the plan, and any creditor and any equity holder of Debtor. Subject to certain limited exceptions provided by the Bankruptcy Code, and except as specifically provided in the plan of reorganization, the confirmation order discharges Debtor from any debt that arose prior to the date of such confirmation and order and substitutes therefore the obligations specified in the plan.

B. SOLICITATION AND CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY SECURITIES

1. General

Pursuant to Section 1123(a)(1) of the Bankruptcy Code, a Plan of Reorganization must designate classes of Claims and classes of interest. The Plan classifies all Claims and Interests into eleven classes, including a class of Small Unsecured Claims for administrative convenience pursuant to Section 1122(b) of the Bankruptcy Code. The classification of Claims and Interests is made for the purpose of voting on the Plan and making distributions thereunder, and for ease of administration of the Plan. A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in a different Class to the extent that the Claim or Interest qualifies within the description of such different Class. A Claim or Interest is entitled to vote in a particular Class and to receive distributions in such Class only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and has not been paid prior to the Effective Date. Under the Plan, a Claim or Interest is an Allowed Claim against or an Allowed Interest in Debtor to the extent that (a) proof of the Claim or Interest was (1) timely filed, or (2) deemed filed under applicable law by reason of an order of the Bankruptcy Court; or (3) scheduled by Debtor on its Schedules of Liabilities as neither contingent, unliquidated or disputed; and (b) (i) no party in interest has filed an objection within the time fixed by the Bankruptcy Court; or (ii) the Claim or Interest is allowed by Final Order; and (iii) with respect to an application for compensation or

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reimbursement of an Administrative Expense Claim, the amount of Administrative Expense Claim has been approved by the Bankruptcy Court.

2. Unclassified Claims

Administrative Expense Claims and Priority Tax Claims are not classified. An Administrative Expense Claim is a Claim against Debtor constituting an expense of administration of the Bankruptcy Case allowed under Section 503(b) of the Bankruptcy Code including, without limitation, the actual and necessary costs and expenses of preserving the estate and operating Debtor's business during the Bankruptcy Case; claims for the value of goods received by Debtor within 20 days before the Petition Date sold in the ordinary course of business; any indebtedness or obligations incurred by Debtor during the pendency of the Bankruptcy Case in connection with the provision of goods or services to Debtor; compensation for legal and other professional services and reimbursement of expenses; and statutory fees payable to the U.S. Trustee.

A "Priority Tax Claim" is a Claim of a governmental unit of the kind entitled to priority under Section 507(a)(8) of the Bankruptcy Code or that would otherwise be entitled to priority but for the Secured status of the Claim. Each holder of an Allowed Priority Tax Claim shall be paid by Reorganized Debtor, commencing on the 12th day of the first full month following the Effective Date or the date the Claim is Allowed, the full amount of its Allowed Priority Tax Claim as allowed by 11 U.S.C. § 1129(a)(9)(C) and (D) in equal amortizing monthly payments of principal and interest at the non-default rate determined under applicable non-bankruptcy law or, if there is no such defined rate, then at a rate equal to the prime rate plus 1% fixed as of the Confirmation Date, or such other rate as determined by the Bankruptcy Court, over a period ending June 12, 2021. There have been Property Tax Claims filed in the amount of $48,128.

Pursuant to the Plan of Reorganization, Administrative Expense Claims will be paid in full on the later of the Effective Date or the date on which any such Administrative

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Expense Claim becomes an Allowed Claim unless such holder shall agree to a different treatment of such Claim (including, without limitation, any different treatment that may be provided for in any documentation, statute, or regulation governing such Claim). However, the Administrative Expense Claims representing liabilities incurred in the ordinary course of business (including amounts owed to vendors and suppliers that have sold goods or furnished services to Debtor after the Petition Date), if any, will be paid in accordance with the terms and conditions of the particular transactions and any other agreements relating thereto. Debtor will include the estimated amount of such expenses in the Report of Administrative Expense Claims to be filed prior to the hearing on confirmation.

3. Classified Claims

The following summary of distributions under the Plan to Classified Claims does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the Plan attached hereto as **Exhibit 1**.

a. Class 1 (Bank of the West). Bank of the West ("BOW") asserts a blanket lien on substantially all of Debtor's assets, including Peak's contract claims in the Machine Zone Litigation, to secure its Allowed Secured Claim.

BOW will retain its interest in its Collateral with the same priority that it had on the Petition Date except that BOW's lien in the Litigation Trust shall be subordinate to the Litigation Loan pursuant to the Final Order Authorizing Debtor to Obtain First Priority Secured Credit (Litigation Loan) [ECF No. 220]. BOW will retain its lien on all assets transferred into the Litigation Trust including, but not limited to, Peak's account receivable due from Machine Zone, Peak's contract causes of action against Machine Zone and other parties, and Peak's intellectual property assets. BOW will be repaid the full amount of its Allowed Secured Claim from the Litigation Proceeds as, and to the extent, such funds become available. In addition, BOW will have a Secured Claim against Reorganized Debtor's assets equal to the greater of (a) $803,449 that consists of $781,149 (representing

Debtor's accounts receivable as of the Petition Date minus offsets), plus $22,300 (representing the fair market value calculated at 20% of the original purchase price) of equipment collateral being retained by Reorganized Debtor comprised of Thunderbolt (S/N C02KL6Z1F2GC), Thunderbolt Display (S/N C02KL6YUF2GC), Macbook Air 13 (S/N C1MP3CZ5G085), Thunderbolt (S/N C02MR8JVF2GC), Macbook Pro 15 (S/N C02Q421XG8WL), Thunderbolt (S/N C02MH4VZF2GC), Macbook Pro 15 (S/N C02PV9DMG8WN), Asus (S/N ECLMTF164922), Asus (S/N ECLMTF164929), MacBook Pro 15 (S/N C02PX1V0G8WL), Thunderbolt Display (S/N C02GP8MBDJGR), MacBook Pro (S/N C02PW5CXG8WN), Asus Display (S/N F7LMTF165239), Asus Display (S/N FLMTF165265), MacBook Pro 15 (S/N C02Q32GHG8WL), Asus Display (S/N F7LMTF164718), Macbook Pro (S/N C02PX97ZG8WN), Thunderbolt Display (S/N C02ML8CQF2GC), Thunderbolt Display (S/N C02ML4PTF2GC), Macbook Pro (S/N C02PNYG0G8WN), Thunderbolt Display (S/N C02MH4WAF2GC), MacBook Pro (S/N C02PJ2CKG3QN), Asus Display (S/N ECLMTF111848), ASUS Display (S/N ECLMTF164638), MacBook Pro (S/N C02Q3DW0G8WN), Thunderbolt Display (S/N C02L83A4F2GC), Thunderbolt Display (S/N C02M70PNF2GC), Macbook Pro (S/N C02PJ2DCG3QN), Lenovo (S/N PFOABTOE), Asus Display (S/N F7LMTF165272), Thunderbolt Display (S/N C02NX4YMF2GC), Macbook Pro (S/N C02PJ22YG3QN), Lenovo (S/N pf08mvlrPF9XB5528090), Asus (S/N F7LMTF165274), Thunderbolt Display (S/N C02NL3T8F2GC), Asus Display (S/N F4LMTF158717), MacBook (S/N C02Q2006G8WP), Macbook Pro (S/N C02H70CQDW48), Thunderbolt Display (S/N C02N80UCF2GC), MacBook (S/N C02PL1TWG3QN), Thunderbolt Display (S/N C02NK4A9F2GC), Thunderbolt Display (S/N C02PP421F2GC), Asus Display (S/N F4LMTF158727), Asus Display (S/N F4LMTF159323), Macbook Pro (S/N C02PL1PEG3QN), Macbook Pro (S/N C02Q50T9G8WL), Thunderbolt (S/N C02NR1BXF2GC), Thunderbolt (S/N C02MH5CYF2GC), Thunderbolt (S/N

C02LN4KKF2GC), Asus (S/N F5LMTF148675), Asus (S/N ECLMTF164761), Asus (S/N F1LMTF076810), Asus (S/N F7LMTF165261), and Asus (S/N ECLMTF164759)) or (b) the value of BOW's collateral being retained by Reorganized Debtor as of the Effective Date as determined in accordance with 11 U.S.C. § 506(a). BOW has not yet indicated if it agrees or disagrees with this estimated value of the equipment being retained by Debtor. All BOW's remaining equipment collateral will be surrendered to BOW. The proceeds, after liquidation of BOW's equipment collateral, shall reduce BOW's total Allowed Claim but not the secured amount to be paid by Reorganized Debtor. Reorganized Debtor will pay the greater of $803,449 or, in the event of a dispute regarding the value, the value of the collateral being retained by Reorganized Debtor as determined in accordance with 11 U.S.C. § 506(a) in monthly payments of interest only commencing on the 15th day of the first full month following the Effective Date and continuing on the 15th day of each month thereafter for the first 12 months and thereafter in equal amortizing payments of principal and interest at a fixed rate of 4.5% per annum, or, in the event of a dispute over the applicable interest rate, at such other rate fixed by the Bankruptcy Court at confirmation for an additional 36 months. In the event the Litigation Proceeds distributed to BOW and payments from Reorganized Debtor are insufficient to pay BOW's claim in full, BOW will have an unsecured Deficiency Claim for the unpaid balance.

BOW will also retain its lien on Peak's contract claims in the Machine Zone Litigation transferred into the Litigation Trust, which lien shall be a second lien position on the Litigation Proceeds, subject only to the Litigation Loan. In the event the Litigation is not successful, BOW will have an unsecured deficiency claim against Reorganized Debtor for the unpaid balance of its Claim.

Alternatively, at the time it files its ballot accepting or rejecting Debtor's Plan, BOW may elect to convert some or all of its Allowed Claim into Common Units of Reorganized Debtor. The conversion rate shall be 1 Common Unit issued for each $1,000 of

Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor.

b. Class 2 (Huntington Technology Finance, Inc.). Prior to the Petition Date, Huntington Technology Finance, Inc., as assignee of Fort Capital Resources, LLC, ("Huntington") entered into Equipment Finance Agreement No. xxx3161 with Debtor dated March 16, 2015, Equipment Finance Agreement No. xxx3261 with Debtor dated April 1, 2015, and Equipment Finance Agreement No. xxx4291 with Debtor dated April 29, 2015, under which Huntington financed the purchase of certain equipment by Debtor. Huntington perfected its security interest in that equipment collateral as set forth in UCC 15-7462623612 filed in California on May 1, 2015.

Debtor intends to keep the following equipment that was financed by Huntington:

Macbook Pro: C02NR0NZG3QN

MacBook: C02NV046G9JN

Thunderbolt: SC02NJ4RYF2GC

Macbook Pro: SC02PC0FXG3QN

The equipment that Debtor intends to keep is worth $4,500 based on Debtor's estimate of the fair market value of the retained equipment, which was calculated at 20% of the original purchase price. Huntington has not yet indicated if it agrees or disagrees with this estimated value. All remaining collateral has been or will be surrendered to Huntington. Huntington will have a first priority lien position on the equipment retained as its collateral. Huntington will have an Allowed Secured Claim against Reorganized Debtor in the amount of $4,500 or in the event of a dispute over the value of the equipment retained by Reorganized Debtor, then the value as determined in accordance with 11 U.S.C. § 506(a). Reorganized Debtor will pay that amount in monthly payments of interest only commencing on the 15th day of the first full month following the Effective Date and continuing on the

15th day of each month thereafter for the first 12 months, and thereafter in equal amortizing monthly payments of principal and interest at the 4.5% per annum or, in the event of a dispute over the applicable interest rate, at such other rate fixed by the Bankruptcy Court at confirmation, for an additional 24 months.

Alternatively, to the extent Huntington's Allowed Claim equals or exceeds $10,000, Huntington may, at the time it casts its ballot accepting or rejecting Debtor's Plan, elect to convert some or all of its Allowed Claim into Common Units of Reorganized Debtor. The conversion rate shall be 1 Common Unit in Reorganized Debtor for each $1,000 of Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor.

c. (U.S. Bank Equipment Finance). Prior to the Petition Date, Debtor leased certain equipment from U.S. Bank, N.A. d/b/a/ U.S. Bank Equipment Finance, as assignee of VAR Resources Inc. ("US Bank") pursuant to five capital lease agreements in 2013 and 2014. US Bank perfected its security interest in that collateral as set forth in UCC 13785441258 filed in California on November 6, 2013, UCC 137389145485 filed in California on December 4, 2013, UCC 137389443496 filed in California on December 5, 2013, UCC 147424065134 filed in California on August 11, 2014, and UCC 15-7446200049 filed in California on January 21, 2015. Debtor intends to keep the following equipment for use in ongoing operations:

Macbook Pro: C02NR0PEG3QN

Macbook Pro: SC02NT2N2G3QN

Macbook Pro: SC02NT26EG3QN

Thunderbolt: SC02NL1NMF2GC

Thunderbolt: SC02NL1SFF2GC

The equipment that Debtor intends to keep is worth $3,000 based on Debtor's estimate of the fair market value of the retained equipment, which was calculated at 20% of the original purchase price. US Bank has not yet indicated if it agrees or disagrees with this estimated value. All remaining collateral has been or will be surrendered to US Bank. US Bank will retain its first priority lien position on the equipment retained as its collateral. US Bank will have an Allowed Secured Claim against Reorganized Debtor in the amount of $3,000 or in the event of a dispute over the value of the equipment retained by Reorganized Debtor, then the value as determined in accordance with 11 U.S.C. § 506(a). Reorganized Debtor will pay that amount in monthly payments of interest only commencing on the 15th day of the first full month following the Effective Date and continuing on the 15th day of each month thereafter for the first 12 months, and thereafter in equal amortizing monthly payments of principal and interest at 4.5% per annum or, in the event of a dispute over the applicable interest rate, at such other rate fixed by the Bankruptcy Court at confirmation, for an additional 24 months.

Alternatively, at the time it files its ballot accepting or rejecting Debtor's Plan, US Bank may elect to convert some or all of its Allowed Claim into Common Units of Reorganized Debtor. The conversion rate shall be 1 Common Unit issued for each $1,000 of Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor.

d. Class 4 (Data Sales Co., Inc.). Prior to the Petition Date, Debtor and Data Sales Co., Inc. ("Data Sales") entered into Master Equipment Lease No. 54-10159 dated July 15, 2010, under which Data Sales leased certain equipment to Debtor. Thereafter, Debtor and Data Sales Company of the Netherlands B.V. ("Data Sales BV") entered into a Master Equipment Lease Agreement No. 54-80005 dated January 10, 2014, under which Data Sales BV leased certain separate equipment to Debtor. Data Sales and Data Sales BV are affiliated entities. Debtor, Data Sales, and Data Sales BV entered into a Cross-Default and Cross-Collateral Agreement dated January 10, 2014, with respect to Master Equipment Lease No. 54-10159 and Master Equipment Lease Agreement No. 54-

80005. Pursuant to a series of equipment schedules, Data Sales and Data Sales BV leased equipment to Debtor. Data Sales filed nine UCC Financing statements in California on May 27, 2015 perfecting its interest in the equipment. Debtor has rejected the Data Sales Master Equipment Lease and Data Sales BV Master Equipment Lease Agreement, and all equipment that Debtor leased from Data Sales BV will be returned, except Debtor intends to keep the following equipment for use in ongoing operations:

Macbook Air 13: C02MN0L4FH00

Thunderbolt: C02MC0FWF2GC

Thunderbolt Display: C02MC0G6F2GC

Thunderbolt Display: C02MT02QF2GC

Thunderbolt Display: C02LC43SF2GC

MacBook: C02M516QFD58

Thunderbolt Display: C02MT01RF2GC

Macbook Pro 13: C02MM3G7FH00

Macbook Pro 13: C02N11UWFH00

The equipment that Debtor intends to keep is worth $10,000 based on negotiations with Data Sales over the fair market value of the equipment and change from an operating lease to a secured claim. Notwithstanding the negotiations between Debtor and Data Sales as to the fair market value of the retained equipment, Data Sales has not yet indicated if it will ultimately agree or disagree with this estimated value. All remaining equipment has been or will be surrendered to Data Sales. Data Sales will have a first priority lien upon the equipment retained as its collateral. Data Sales will have an Allowed Secured Claim against Reorganized Debtor in the amount of $10,000 or in the event of a dispute over the value of the equipment retained by Reorganized Debtor, then the value as determined in accordance with 11 U.S.C. § 506(a). Reorganized Debtor will pay that amount in monthly payments of interest only commencing on the 15th day of the first full month following the

Effective Date and continuing on the 15th day of each month thereafter for the first 12 months, and thereafter in equal amortizing monthly payments of principal and interest at 4.5% per annum or, in the event of a dispute over the applicable interest rate, at such other rate fixed by the Bankruptcy Court at confirmation, for an additional 24 months.

Alternatively, at the time it files its ballot accepting or rejecting Debtor's Plan, Data Sales may elect to convert some or all of its Allowed Claim into Common Units of Reorganized Debtor. The conversion rate shall be 1 Common Unit issued for each $1,000 of Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor.

e. Class 5 (Digital Loudoun Parkway Center, North, LLC and Collins Technology Park Partners, LLC). Digital Loudoun Parkway Center, North, LLC ("Loudoun") and Collins Technology Park Partners, LLC ("Collins") (together, "Digital/Collins") were parties to datacenter lease agreements with Debtor. Specifically, Loudoun and Debtor entered into a Deed of Datacenter Lease Agreement and related documents for a datacenter located in Virginia on December 2, 2012; Collins and Debtor entered into a Datacenter Lease Agreement and related documents for a datacenter located in Texas with an effective date of April 29, 2014.

Digital/Collins and Debtor entered into an Agreement Terminating Leases on or after March 18, 2016, pursuant to which Debtor (i) paid Digital/Collins $30,000, (ii) granted to Digital/Collins a security interest in and lien on Debtor's claims against Machine Zone, Inc. and Epic War LLC in the litigation styled *Peak Web LLC v. Machine Zone, Inc. and Epic War LLC* pending in Superior Court of California, County of Santa Clara, Case No. 1-15-cv-288681 (the "Litigation") to secure indebtedness then owing by Debtor to Digital/Collins, and (iii) granted Digital/Collins a priority distribution scheme from the proceeds of the Litigation. Debtor scheduled Digital/Collins as a precautionary creditor. Digital/Collins did not file a proof of claim. Digital/Collins now assert a secured claim of approximately $8 million pursuant to the Agreement Terminating Leases. Debtor filed adversary proceeding number 16-03145-pcm against Digital/Collins to avoid the Agreement Terminating Leases as a preference and Debtor disputes that Digital/Collins have a valid secured claim. Digital/Collins filed an answer to the adversary proceeding. To the extent Digital/Collins prevail in the adversary proceeding, they will receive payments pursuant to the terms of the Agreement Terminating Leases, as described above, which payments will be subordinate to the Litigation Loan and Bank of the West and senior to payments to Unsecured Creditors. To the extent Debtor prevails in the adversary proceeding, and if Digital/Collins has an Allowed Claim, it will be treated as a Class 8 Unsecured Creditor.

Alternatively, at the time it files its ballot accepting or rejecting Debtor's Plan, Digital/Collins may elect to convert some or all of its Allowed Claim into Common Units of Reorganized Debtor. The conversion rate shall be 1 Common Unit issued for each $1,000 of Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor.

f. Class 6 (Richardson Independent School District of Texas).

Richardson Independent School District ("Richardson") has filed a secured proof of claim in the amount of $6,777.60 for unpaid ad valorem property taxes secured by personal property. Pursuant to sections 32.01, 32.05, and 32.07 of the Texas Property Tax Code, Richardson's claim is automatically perfected as a matter of law and remains perfected even if Debtor no longer owns the personal property in question. Richardson shall be paid its Allowed Secured Claim in equal amortizing monthly payments of principal and interest at the annual rate of 12%, or if the applicable interest rate is in dispute, at such other rate as determined by the Bankruptcy Court, commencing on the 12th day of the first full month following the Effective Date or the date the Claim is Allowed, over a period ending June 12, 2021.

Alternatively, at the time it files its ballot accepting or rejecting Debtor's Plan, Richardson may elect to convert some or all of its Allowed Claim into Common Units of

Reorganized Debtor. The conversion rate shall be 1 Common Unit issued for each $1,000 of Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor.

g. Class 7 (Dallas County Texas). Dallas County (Texas) has filed a secured proof of claim in the amount of $3,652.81 for unpaid ad valorem taxes secured by personal property. Pursuant to sections 32.01, 32.05, and 32.07 of the Texas Property Tax Code, Dallas County's claim is automatically perfected as a matter of law and remains perfected even if Debtor no longer owns the personal property in question. Dallas County shall be paid its Allowed Secured Claim in equal amortizing monthly payments of principal and interest at the annual rate of 12%, or if the applicable interest rate is in dispute, at such other rate as determined by the Bankruptcy Court, commencing on the 12th day of the first full month following the Effective Date or the date the Claim is Allowed over a period ending June 12, 2021.

Alternatively, at the time it files its ballot accepting or rejecting Debtor's Plan, Dallas County may elect to convert some or all of its Allowed Claim into Common Units of Reorganized Debtor. The conversion rate shall be 1 Common Unit issued for each $1,000 of Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor.

h. Class 8 (General Unsecured Claims). Each General Unsecured Claim will be paid (i) its Pro Rata share of the Unsecured Creditor Proceeds of the Litigation Trust, plus (ii) its Pro Rata share of 50% of the Adjusted Net Income of Reorganized Debtor calculated over a semi-annual calendar period, with payments to be made on the 45th day following the end of each full semi-annual calendar period after the Effective Date and continuing on each February 15th and August 15th thereafter until 50% of Adjusted Net Income for eight full semi-annual calendar periods has been paid, plus (iii) interest, if applicable, on its Allowed Claim at the federal judgment rate or, in the event

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of a dispute over the applicable interest rate, as determined by the Bankruptcy Court, up to the full amount until its Allowed Claim.

Alternatively, at the time it files its ballot accepting or rejecting Debtor's Plan, to the extent a General Unsecured Creditor's Allowed Claim equals or exceeds $10,000, that General Unsecured Creditor may elect to convert some or all of its Allowed Claim into Common Units of Reorganized Debtor. The conversion rate shall be 1 Common Unit issued for each $1,000 of Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor.

i. Class 9_ (Administrative Convenience Claims). Class 9 consists of all Allowed Unsecured Claims in the amount of $3,000 or less, or that have been reduced to $3,000 by timely election of the holders thereof. Each holder of a Class 9 Claim will be paid (i) 25% of its Allowed Claim in cash within nine months after the Effective Date, plus (ii) its Pro Rata Share of the Unsecured Creditor Proceeds of the Litigation Trust, ~~plus (iii)~~including interest on its Allowed Claim at the federal judgment rate, or, in the event of a dispute over the applicable interest rate, as determined by the Bankruptcy Court, up to the full amount of its Allowed Claim. Debtor anticipates that there will be approximately 31 to 45 Administrative Convenience Claimants, which will result in a total initial payment of approximately $6,700 - $16,888.

j. Class 10 (Equity Security Holders). Class 10 consists of the Interests held by the Equity Security Holders of Debtor as of the Petition Date. All existing equity Interests in Debtor shall be cancelled and extinguished as of the Effective Date as to Reorganized Debtor. New equity in Reorganized Debtor will be issued as set forth in Section VII.E.2.a below. Interest holders are entitled to receive distributions from the Litigation Trust only after all Trust expenses and all Allowed Claims have been paid in full, with interest.

k. Class 11 (Other Secured Claims). Class 11 consists of

Allowed Secured Claims not otherwise classified or provided for under the Plan. Debtor will surrender the equipment or other tangible collateral securing the Allowed Secured Claim of each Class 11 Creditor to that Creditor in full satisfaction of each Class 11 Creditor's Allowed Secured Claim. To the extent that a Class 11 Creditor has an Allowed Deficiency Claim, any such Claim will be treated as a Class 8 or Class 9 Claim. Any and all setoff rights of Class 11 Creditors are preserved subject to Section 553 of the Bankruptcy Code and, if applicable, in accordance with Section 2.4.2 of the Litigation Trust Agreement.

C. ADMINISTRATIVE EXPENSES

Debtor has retained the following professionals: (a) Tonkon Torp LLP as its general counsel in this case; (b) Cascade Capital as its consultant and chief restructuring officer, (c) Susman Godfrey and Ropers Majeski as its special Litigation counsel, and (d) Henderson Bennington Moshofsky, P.C. and Isler Northwest LLC as its accountants. The Unsecured Creditors' Committee has retained Ball Janik LP as its counsel. Certain Creditors may also file Administrative Expense Claims. The total amount of Administrative Expense Claims is uncertain at this time but Debtor anticipates Administrative Claims at confirmation, including approximately $642,000 in claims of professionals (net of retainers), to be approximately $742,000, except to the extent Administrative Claims not yet filed may subsequently be filed. It is anticipated that some professionals may agree to defer payment of their Administrative Claim, if necessary. Debtor's Plan provides the terms for conversion of the Operating Loan to new preferred equity in Reorganized Debtor so the Operating Loan will not be treated as an Administrative Expense Claim. In accordance with local rules, Debtor will file a report setting forth estimated amounts for Administrative Expense Claims prior to the plan confirmation hearing.

Winthrop Resources Corporation ("Winthrop") filed an administrative expense claim for $144,802.37; Presidio Technology Capital, LLC ("Presidio") filed an administrative expense claim for $124,121.90; Banc of American Leasing & Capital, LLC

("Banc of America") filed an administrative expense claim for more than $80,000. Debtor has filed objections to Winthrop, Presidio and Banc of America's administrative expense claims and believes they are entitled to no administrative expense claims. To the extent other equipment vendors may seek to file an administrative expense claim, Debtor intends to file an objection. Debtor's estimate of administrative expense claims at confirmation excludes administrative expense claims filed by Winthrop, Presidio and Banc of America.

D. EXECUTORY CONTRACTS

The Bankruptcy Code gives debtors the right, after commencement of their Chapter 11 Cases, subject to the approval of the Bankruptcy Court, to assume or reject executory contracts and unexpired leases. Generally, an "executory contract" is a contract under which material performance (other than the payment of money) is still due by each party. To the extent they have not been rejected already, the Plan provides for the rejection by Debtor of all its executory contracts with equipment vendors except those subject to a motion or order to assume or to assume and assign pending as of, or entered prior to, the Effective Date. Debtor is not aware of any defaults in executory contracts that it is assuming that would require it to make cure payments.

If an executory contract or unexpired lease is or has been rejected, the Creditor may file a proof of claim for damages resulting from such rejection. An Order Granting Debtor's Motion to Reject Executory Contracts and Unexpired Leases [ECF No. 290] was entered on September 15, 2016 and provided that any rejection Claims or Administrative Claims by equipment lessors identified therein must be filed on or before October 13, 2016 or such Claim would be barred. The Plan provides that all other contracts rejected through the Plan file a Proof of Claim with respect to any such rejection Claim within 30 days of the Bankruptcy Court's approval of the rejection of the relevant executory contract or unexpired lease. Any such Claim shall constitute a Class 8 or Class 9 Claim to the extent that such Claim is finally treated as an Allowed Claim. To the extent Debtor

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rejects an unexpired lease of nonresidential real property, the Claim for damages resulting from such rejection will be limited to the amount allowed under the Bankruptcy Code.

E. IMPLEMENTATION OF THE PLAN

Implementation of the Plan will be in two components: the creation of and transfer of certain assets to a Litigation Trust and, separately, the continued business operations of Reorganized Debtor.

1. Litigation Trust

A Litigation Trust shall be established in the form attached to the Plan as **Exhibit A** or a trust agreement substantially similar thereto as approved by the Bankruptcy Court. The Litigation Trust shall hold (a) Peak's claims against Machine Zone in *Peak Web LLC v. Machine Zone, Inc., Epic War LLC and Does 1 through 10, inclusive*, Santa Clara County Superior Court Case No. 1-15-cv-288681 and all other claims Debtor may have arising out of or related to any of the facts, circumstances, events or issues raised therein against Machine Zone, Inc., Epic War LLC, and Does 1 through 10 inclusive; (b) any and all other claims or causes of action in any way related to or arising out of the facts, circumstances, events, or issues described therein whether against Machine Zone, Epic War, or any other party, whether or not that party is or may become a party to the above-captioned litigation or another action that may be subsequently filed, including, but not limited to, all the assets listed in question #74 of Debtor's Second Amended Schedule B; (c) all Debtor's intellectual property rights and trade secrets as of the Confirmation Date; (d) all claims for avoidance and recovery under Chapter 5 of the Bankruptcy Code, and (e) any other claims or assets transferred to the Litigation Trust pursuant to the Plan, Confirmation Order, or the Litigation Trust Agreement, and any income, proceeds, profits, revenue, or assets generated therefrom. The transfer shall be made pursuant to 11 U.S.C. §§ 1123(a)(5)(B) and 1123(b)(3)(B) of the Bankruptcy Code. The purpose of the Litigation Trust is to prosecute the Machine Zone Litigation and other assets through trial or otherwise litigate and liquidate

Debtor's claims and distribute the proceeds to the Creditors of Debtor in the same order of priority as set forth in the Bankruptcy Code. The Litigation Trust Agreement provides that Mr. Mark Calvert will be the initial Litigation Trustee. Debtor believes Mr. Calvert is well qualified to act as the Litigation Trustee. Mr. Calvert is the Managing Director of Cascade Capital Group, a boutique investment banking firm that has experience with a wide variety of matters. Mr. Calvert is a Certified Public Accountant (CPA), Certified Insolvency and Recovery Advisor (CIRA), Certified Turnaround Professional (CTP), and a Certified Fraud Examiner (CFE). He has over 35 years of experience working with troubled companies, and in the past 10 years has restructured in excess of $5 billion in debt in and outside of formal bankruptcy proceedings. He has an extensive understanding of business, financial matters, and litigation.

Mr. Calvert has been involved in over 80 litigation matters where the amounts in dispute involved hundreds of millions of dollars. Notably, Mr. Calvert has acted in a trustee capacity in the past where he was required to assume responsibilities similar to those of the Litigation Trustee in this case. For example, in *In re Consolidated Meridian Funds,* (Bankr. E.D. Wash, Case No. 10-17952), Mr. Calvert was appointed as the liquidating trustee to oversee the liquidation of the four consolidated debtors' assets, including two lawsuits seeking damages in excess of $100 million each against an accounting firm and a bank, both with attorneys on a success fee basis. He also oversaw 60 avoidance lawsuits (and resulting mediation) and retained and managed attorneys both on an hourly and success fee basis.

Mr. Calvert also worked as the trustee in *In re Natural Molecular Testing Corporation* (Bankr. W.D. Wash., Case No. 13-19298). In his role as trustee, he oversaw numerous avoidance actions and the litigation of a more than $80 million dispute with the U.S. Department of Justice. Again, Mr. Calvert managed attorneys on this matter.

Mr. Calvert has also acted as a damages expert, including the matter of *Shahinian et al. v. Kimberly-Clark Corporation et al*. (C.D. Cal., Case No. CV 14-8390

DMG), a multi-party matter in which the plaintiffs assert fraud and violations of unfair competition law claims and seek damages in hundreds of millions of dollars, and the matter of *Biloxi Freezing & Processing, Inc., et al. v. Mississippi Power Company* (Harrison County Circuit Court, Miss. Case No. A2401-16-45), in which the plaintiffs seek damages for alleged unfair business practices and fraud. Mr. Calvert is well qualified to act as the Litigation Trustee.

The Litigation Trustee will act in consultation with and at the direction of the Litigation Trust Committee. The Litigation Trust Committee will consist of Mr. Papen, one person designated by the Litigation Loan Lender, and one person designated by the Unsecured Creditors' Committee. The Litigation Trust shall have the full authority to take all necessary actions and steps to fully liquidate and distribute the Litigation Trust Assets, to incur debt to the extent necessary to prosecute the claims assigned to the Litigation Trust and to retain professionals as needed. The existing Litigation Loan and the contingency fee agreement with Susman Godfrey shall be assigned to the Litigation Trust and shall remain in full force and effect. The BOW junior secured lien on the contractual claims and other assets in the Litigation Trust shall remain in full force and effect. Any offset rights of Machine Zone shall be preserved pursuant to Section 2.4.2 of the Litigation Trust Agreement. The Litigation Trust will be separate and distinct from Debtor and Reorganized Debtor and be fully governed by the terms of the Litigation Trust Agreement.

2. Reorganized Debtor Operating Company

Reorganized Debtor shall be comprised of the operating company which will consist of all remaining assets of Debtor not transferred to the Litigation Trust. Reorganized Debtor shall continue to operate and make payments to Creditors from future operations as otherwise described in this Disclosure Statement and the Plan.

a. New Equity. On the Effective Date, all existing equity will be deemed cancelled in Reorganized Debtor. Reorganized Debtor will issue new Series A

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Preferred Units and new Common Units. The Operating Loan Lender will be issued 500,000 Series A Preferred Units of Reorganized Debtor in full satisfaction of its Operating Loan. Reorganized Debtor's management will initially be issued 500 Common Units. Those units will be issued to Mr. Billow. Creditors will have the option to convert their Allowed Claims into Common Units. For the avoidance of any doubt, Creditors who have Allowed Claims or Claims subject to an objection may make the election to convert their Claims to equity but only creditors with finally Allowed Claims will be issued Common Units. A Creditor may convert $1,000 of its Allowed Claim into 1 Common Unit of Reorganized Debtor, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor. If a Creditor elects to convert its Allowed Claim from debt to equity in Reorganized Debtor then the Creditor will no longer be entitled to any distributions from the Litigation Trust or receive debt payments from Reorganized Debtor on account of the Claim amount converted to equity. THE ELECTION TO CONVERT ALL OR A PORTION OF AN ALLOWED CLAIM TO COMMON UNITS IN REORGANIZED DEBTOR MUST BE MADE BY THE CREDITOR AT THE SAME TIME IT DELIVERS ITS BALLOT TO DEBTOR; A CREDITOR'S ELECTION TO CONVERT ALL OR A PORTION OF AN ALLOWED CLAIM TO COMMON UNITS IN REORGANIZED DEBTOR IS INDEPENDENT OF A CREDITOR'S DECISION TO SUBMIT A BALLOT TO ACCEPT OR REJECT THE PLAN. Debtor believes that holders of Common Units will not receive any economic benefit for at least four years from the Effective Date, during which time Reorganized Debtor's Adjusted Net Income will be used to pay General Unsecured Creditors and the holders of the Series A Preferred Units. Any conversion by a Creditor of its Claim from debt to equity in Reorganized Debtor should be considered a long-term investment.

~~a.~~ Creditors may contact Spencer Fisher in Debtor's counsel's office at 503-802-2167 or spencer.fisher@tonkon.com to receive a copy of a discounted cash flow analysis of future revenue of the Company as of April 1, 2017. Creditors who are interested in converting Allowed Claims to Common Units in Reorganized Debtor, as set forth herein, can receive additional information to the extent it exists, is relevant, and is appropriate to be provided, by contacting Spencer Fisher in Debtor's counsel's office at 503-802-2167 or spencer.fisher@tonkon.com, verifying that the request for additional information is solely for purposes of deciding whether to convert an Allowed Claim to Common Units, and entering into a standard form confidentiality agreement with Debtor agreeing that any information provided will be used solely for purposes of evaluating whether to convert their claim from debt to Common Units of equity in Reorganized Debtor.

The rights, preferences, and privileges of equity unit holders are set out in the Amended and Restated Limited Liability Company Agreement of Peak Web, LLC ("LLC Agreement") attached to the Plan as **Exhibit B**. The following is a summary of certain material terms of the LLC Agreement. This summary does not purport to describe all the terms of the LLC Agreement. This summary is qualified by reference to the complete LLC Agreement, which is attached as **Exhibit B** to the Plan and incorporated by reference. All creditors are urged to read the LLC Agreement carefully and in its entirety. Capitalized terms not otherwise defined below are as defined in the LLC Agreement.

(i) Rights Of Members

The Company is a limited liability company and will issue units and its owners will be called members. The rights of the members will be governed by the LLC Agreement and the California Revised Uniform Limited Liability Company Act.

(ii) Classes of Membership Units

The Company will be able to issue two classes of units: Series A Preferred Units and Common Units. The LLC Agreement authorizes up to 800,000 Common Units, of which ~~179,500~~119,500 are reserved for issuance to employees, officers, directors, or managers of the Company under a Unit Plan ("Reserved Units"), and 500,000 Series A Preferred Units.

PSA 9 will receive all 500,000 Series A Preferred Units in the Company in full satisfaction of its Operating Loan. PSA 9, as the holder of all the Series A Preferred Units, will have voting rights and will have an initial capital account currently estimated to equal $510,974.84, representing amounts due under the Operating Loan as of April 1, 2017.

The Common Units of the Company (other than the Reserved Units) will be offered to creditors of the Company with Allowed Claims. Such creditors will be allowed to convert a minimum of $10,000 in Allowed Claims for 10 Common Units, and thereafter, $1,000 in Allowed Claims for each additional 1 Common Unit. Based on ~~the~~ a discounted cash flow ~~valuation~~analysis of future revenue of the Company as of April 1, 2017, 1 Common Unit of the Company shall represent an initial Capital Account value as of April 1, 2017 of $1.49~~1.50~~ on a fully diluted basis.

The Company will issue 500 Common Units to Jon Billow, as President of the Company.

(iii) Board of Managers

The Company will be managed by a Board of Managers, which will have three managers, each with one vote. The LLC Agreement provides that the initial Board of Managers will be comprised of one person selected by PSA 9 as the Series A Preferred Unit holder, one manager selected by Majority Approval of the Common Members, and the third manager to be the President of the Company, initially Jon Billow.

The Board of Managers of the LLC will have complete authority to manage and control the Company and its business, subject only to rights reserved to the Members as discussed below and under the California Uniform Limited Liability Company Act. Decisions of the Board require the affirmative vote of a majority of managers present at a meeting at which a quorum is in attendance. A quorum will be present if a majority of the managers are present.

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(iv) **Voting Rights**

Except as provided in the Act or the LLC Agreement, each Member shall have one vote per Unit owned by such Member.

Certain actions require either the written consent of the Series A Preferred Member and a Majority Approval of the Common Members or the written consent of the Manager appointed by the Series A Preferred Member and the Manager appointed by the Common Members: (i) altering or changing the rights, preferences or privileges of the Series A Preferred Units; (ii) increasing or decreasing the number of authorized Series A Preferred Units or increasing the number of Units reserved under a Unit Plan; (iii) authorizing the issuance of securities having a preference over or on a par with the Series A Preferred Units; (iv) except as permitted by the LLC Agreement, redeeming, repurchasing, or otherwise acquiring any equity interests in the Company; (v) amending this Agreement or the Articles; (vi) except as permitted under a Unit Plan for employees, officers, directors, Managers or Members and grants approved under such plan, as approved by the Board of Managers, authorizing the issuance of any additional Common Units (or equivalents thereof); (vii) approving a consolidation or merger or a sale of all, substantially all, or a significant portion of the assets of the Company, or recapitalizing, liquidating or dissolving the Company; (viii) changing the number of authorized Managers; or (ix) dissolving or winding up of the Company, or conversion of the Company to another business entity.

(v) **Distributions**

Subject to a determination by the Board of Managers that a distribution would render the Company insolvent or would otherwise be materially adverse to the Company, the LLC Agreement provides that the Company shall distribute to all Members in cash amounts for payment of Estimated Tax Amounts within 90 days after the close of each Fiscal Year.

In addition, Cash Available for Distribution shall be distributed in such amounts and at such times as determined by the Board of Managers and the Series A Preferred Member. If distributions of Cash Available for Distribution are made, it shall be distributed to Members as follows: (i) First, to the Series A Preferred Member until the Series A Preferred Member has received an amount equal to 4.5% interest per annum, compounded monthly, on its initial Capital Account balance, until fully paid (the "Preferred Return"); (ii) Second, to the Series A Preferred Member until the Series A Preferred Member has received an amount equal to its initial Capital Account balance; and (iii) Third, to the Common Members in proportion to their respective Percentage Interests of Common Units. Upon the Company's distribution to the Series A Preferred Member an amount, together will all prior amounts distributed, such that the Series A Preferred Member has collectively received from all such distributions an amount equal to its initial Capital Account plus the Preferred Return), then such final distribution will be in full payment and liquidation of the Series A Preferred Units, and upon such distribution the rights and privileges of the Series A Preferred Member as a Member and holder of Series A Preferred Units will cease without any further action on the part of the Company or the Series A Preferred Member.

(vi) Transfer Restrictions

No holder of Units will be permitted to Transfer Units except as provided under the LLC Agreement. A holder of Units may transfer Units to (i) the Company, or (ii) any Person approved by the Company through written action of the Board of Managers.

b. Section 1145 Exemption

Pursuant to section 1145 of the Bankruptcy Code, the issuance of the Series A Preferred Units and Common Units are exempt from, among other things, the registration requirements of section 5 of the Securities Act and any other applicable United States, state, or local law requiring registration for offer or sale of a security or registration or licensing of an issuer of, underwriter of, or broker or dealer in, a security.

c. Section 701 Exemption

The 500 Common Units being issued to Mr. Billow are part of his compensation, so pursuant to SEC Rule 701, the issuance of those Common Units is exempt from the registration requirements of section 5 of the Securities Act.

~~c.~~**d. Reorganized Debtor's Operations.** In the past, Debtor provided both hosting and consulting services. The business model going forward is based only upon operations as a managed services and consulting business. The hosting business is very capital-intensive, and is based on an economy of scale concept. There is a minimum revenue level required to maintain a profitable hosting business based on the fixed costs of a data center, operational support personnel, and shared infrastructure (network bandwidth and equipment, etc.). Once that minimum break-even threshold has been exceeded, the incremental cost to add revenue is small, and as such the profitability of a hosting business scales very well. Consulting, on the other hand, is much simpler; there is a linear relationship between revenue and costs with consulting, as every dollar of consulting is tied to an hourly labor rate. There are fewer opportunities to increase marginal profitability in consulting as opposed to hosting, but a consulting business can be profitable at almost any revenue level. As Peak focuses more on consulting opportunities however, it believes that hosting opportunities will continue to be present. As soon as Peak has the financial ability from the Litigation Proceeds, or capital investments, or finds a large enough opportunity to cross that minimum profit barrier, it expects to return to a blended hosting/consulting business model to leverage the overall profitability of Reorganized Debtor.

The managed services and consulting business has historically been profitable for Peak and can continue to be so. While every company, regardless of its industry is becoming more dependent on technology, their ability to hire and retain technology staff is not keeping pace. There is no software or hardware that is able to run itself without human intervention during the configuration, implementation, or troubleshooting/maintenance phases. All technology, especially cloud technology, needs talented and experienced engineers to be successful. Managed services and consulting are another way of saying "outsourcing," where companies trade off W2 employees for 1099 contractors and service contracts. This provides companies an opportunity to selectively employ talented engineers that they could not afford or keep busy on a full-time basis. It also allows for companies to retain specific transitory skill sets on a per-project basis.

Peak has over 15 years of experience in the managed services and consulting space. Peak's expertise includes managing Amazon Web Services (AWS) Cloud implementation, as well as the implementation of most enterprise and data center server, storage, and network solutions. Peak has a particularly strong reputation for unsurpassed network engineering capabilities. Peak has successfully performed managed services and consulting work for a number of entities including JDate, MySpace, Facebook, YouTube, Hi5, Hulu, AppNexus, Veoh, SMS.ac, and Oversee.

The managed services model Reorganized Debtor will be providing is similar to the services Peak has offered for the last 15 years, except now the hardware and data center will be owned by the customer, instead of Peak. This positions Peak well to be able to leverage its expertise and best practices, while at the same time not incurring the high fixed overhead and necessity for scale to offer profitable managed hosting.

The primary productized services to be offered by Reorganized Debtor will be global network assessment, architecture design, operational remediation, and software-defined networking engagements. Computer and telephone networks are the backbone of global enterprises, and the evolving complexity, regulatory requirements, and demands on these networks is increasing at an extraordinary rate. Additionally, the advent of "Software Defined Networking" has allowed companies to view their network as software to be manipulated, automated, and managed in an entirely new way. Peak has the industry expertise to capitalize on these opportunities in a way that very few other firms are able.

Peak already has several Fortune 100 customers who are consuming these services, and this is the target client base for the services moving forward. These companies have the scale, complexity, and reliance on their network, paired with the financial wherewithal to recognize the value Peak provides.

Of Peak's projected revenue for April through December, 2017, 46% ($1,589,760) is based on signed contracts with existing customers. In addition to these signed contacts, an additional 40% ($1,382,400) of Peak's projected revenue for April through December, 2017 is based on anticipated contracts with existing customers who enter into quarterly or job specific contracts with Peak.

~~d.~~e. **Reorganized Debtor's Personnel.** Jon Billow will be the president and principal active manager of Reorganized Debtor. Mr. Billow has extensive experience in the consulting industry, having worked primarily in this field for his entire career spanning over 24 years. He was a founding partner of Napier Corporation, a project-based technology consulting firm. He grew the firm over four years from two people to over 100 billable engineers, and in 1998, successfully sold the firm to Exodus Communications. Customers were primarily Fortune 1000 clients in the areas of Network infrastructure deployment, data center migrations, and information security audit and intrusion detection analysis.

Subsequent to that, Mr. Billow became the Chief Information Officer for NameSecure Inc. – a network domain registration company. While there, he oversaw the development of the technology platform and professional services team. When the company was acquired by Network Solutions, the valuation for the acquisition was primarily based on this technology platform and engineering team. In 2002, Mr. Billow founded Reipan International (an IT consulting firm), and over the course of eight years built the firm to over 300 billable engineers. In 2010, Reipan was sold to an international IT consulting firm looking to expand by acquiring industry leaders in enterprise IT security. Through these

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acquisitions, Mr. Billow has generated over $125 million in shareholder value, and has established a successful track record of doing so via organically growing firms in a self-funded, profitable manner.

Reorganized Debtor will substantively be following this same proven, successful recipe that Mr. Billow has used his entire career – the products, services, methodology, targeted customer base, and growth model are identical to the firms where Mr. Billow has historically generated significant shareholder value. As stated above, Mr. Billow will initially receive 500 Common Units in Reorganized Debtor.

Mr. Papen will also assist in the growth and development of the consulting business. Mr. Papen started Peak Web LLC as a network consulting company (Peak Web Consulting), with Mr. Papen having spent significant time developing the global network strategy, design, and implementations for companies such as Yahoo, MySpace, etc. As such, Mr. Papen has over 20 years' experience working side-by-side with management at these companies; individuals who have subsequently founded their own companies, and have become extremely influential in the industry. Mr. Papen maintains these relationships and, combined with his reputations and experience as a keynote speaker at industry events, has the ability to gain access to decision makers and senior level buyers in target customer prospect companies for Reorganized Debtor. Mr. Papen will not receive any ownership units in Reorganized Debtor.

Additional management for Reorganized Debtor will be Erin Stadick, who has been with Peak for three years, and has a long tenure in network engineering. Mr. Stadick is the Director of Strategic Development. Michelle Koert, who has been with Peak for two years and has significant experience with professional services with IBM/Sungard, will be a sales executive.

~~e.~~f. **Reorganized Debtor's Operating Projections.** Peak will provide consulting and managed services as a profitable and growing business. Peak projects that it will generate approximately $3.5 million in 2017 ($4.5 million annualized), growing to an annual revenue of approximately $7.5 million by the end of 2020. The projected revenue increase is based upon expectations from a proven, experienced sales force and consultants with the experience customers are looking for. ~~The projections are not based on third party analyses or market studies.~~ Peak's financial projections do not reflect the additional revenue that would be earned once it returns to the hosting business after its anticipated recovery in the Machine Zone Litigation. Reorganized Debtor's projected operating revenue and expenses are attached hereto as **Exhibit 2** and explained below. (Reorganized Debtor's projected Adjusted Net Income, 50% of which will be paid to Unsecured Creditors semi-annually for four years, are also attached hereto as **Exhibit 2**.)

(i) General Methodology and Assumptions. The projections are based upon existing consulting contracts and Debtor's expectations of developing future business with existing contacts and others within the industry as guided by management knowledge, expectations, and experience. The projections were prepared by management of the Company with the help of Mr. Calvert, the CRO. The projections include a number of assumptions, all based upon anticipated revenue growth as determined by management. The major assumption is sales growth. The final projections are conservative, reasonable, and are achievable.

(ii) Overview. The projected revenue assumes that the Company exited the managed hosting space by December 31, 2016 due to the loss of the primary data center space. By the Confirmation Date, the Debtor will have shifted its full focus to a consulting model. Debtor for the past several years performed consulting services for both managed hosting customers and non-hosting pure consulting clients. As such, the revision in the business model is not a new business venture, but rather a focus on the consulting side of the business. Additionally, the consulting business enjoys scalability while costs are variable based upon active contracts and sales. Thus, the business is scalable.

(iii) **Sales.** The success of meeting the revenue forecast sits with the sales team, who have a proven track record and strong commission incentives to drive sales. The sales team will be focused on selling consulting engagements and will no longer be pulled between selling managed hosting and consulting. Debtor expects that each consulting engagement will have a duration of approximately three to four months with an average engagement generating approximately $300,000 in gross revenue. Debtor currently does not have any binding contracts beyond 2017. Management used its personal business experience and current sales pipeline reports to extrapolate sales projections based on its number of sales representatives and estimating the potential of its accounts. In addition, Debtor believes that it will need to be competitively priced for the first year or two. As the client base continues to build in the industry (and the negative of the bankruptcy dissipates) Reorganized Debtor will be able to be more selective in clients and rates charged will improve accordingly. Peak projects that its billing rates will decrease from 2017 to 2018 by 3.3% and then increase from 2018 to 2019 by 4.1%, and increase from 2019 to 2020 by 1.2%. As such, the gross profit on revenue will improve. Lastly, the consulting business model will afford Reorganized Debtor the opportunity to engage clients that previously would have been unattainable as they were not in need of managed hosting but do engage consultants to assist in managing their infrastructure and development.

(iv) **Cost of Sales.** With a consulting model, the largest cost of sales is labor, which is fully variable depending on the growth in sales. Reorganized Debtor will have the ability to scale up labor as needed to service revenue as it comes in rather than hiring and hoping the revenue will come. Debtor's existing talent base described in Section c above and their connections will ensure the ability to attract quality personnel and clients.

(v) **Overhead.** Operating expenses remain minimal under the consulting model. Significant support is not needed on the administration side so labor has been reduced accordingly. The engineering team will be performing the engagements

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primarily at client locations, reducing the need for a large office space. Capital equipment is at a minimum. The primary overhead expenses are related to the selling of new engagements in the form of travel expenses, investing in existing talent to keep skills sharp and leading edge, and maintaining appropriate levels of business insurance. Most of the overhead is fixed in nature. Debtor sees the potential to almost double sales while limiting growth in overhead expenses thereby allowing for increased revenue and increased Adjusted Net Profits.

~~(v)~~**(vi)** Debtor's statements with respect to its ability to be selective with respect to taking on clients, setting billing rates, and attracting personnel, as well as Debtor's statements regarding its prospects to increase sales and limit growth in overhead expenses are based on the opinions and experience of Debtor's current management. The projections for the Reorganized Debtor are not based on third party analyses or market studies.

F. EFFECT OF CONFIRMATION

1. Binding Effect

The treatment of, and consideration received by, holders of Allowed Claims and Interests pursuant to the Plan will be in full satisfaction of their respective Claims against or Interests in Debtor. The Confirmation Order shall bind Debtor and any Creditor, and discharge Debtor from any liability that arose before the Effective Date as provided in Sections 524 and 1141 of the Bankruptcy Code, and any debt and liability of a kind specified in Sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not: (a) a proof of claim based on such Creditor's debt or liability is Filed or deemed Filed under Section 501 of the Bankruptcy Code; (b) a Claim based on such debt or liability is Allowed; or (c) the holder of the Claim based on such debt or liability has accepted the Plan.

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2. Revesting, Operation of Business

Except as otherwise provided in the Plan, all property of the estate not transferred to the Litigation Trust shall revest in Reorganized Debtor on the Effective Date free and clear of all rights, claims, liens, charges, encumbrances, and interests, except as otherwise specifically provided in the Plan.

3. Injunction

The effect of confirmation shall be as set forth in Section 1141 of the Bankruptcy Code. Except as otherwise provided in the Plan, prior order of the Bankruptcy Court, or in the Confirmation Order, confirmation of the Plan shall act as a permanent injunction applicable to entities against (a) the commencement or continuation, including the issuance or employment of process, of a judicial, administrative, or other action or proceeding of any kind against Debtor or Reorganized Debtor that was or could have been commenced before the entry of the Confirmation Order; (b) the enforcement, attachment, collection, or recovery against Reorganized Debtor, the Litigation Trust, or their respective assets of any judgment, award, decree, or order obtained before the Petition Date; (c) any act to obtain possession of or to exercise control over, or to create, perfect, or enforce a lien upon, all or any part of the assets of Reorganized Debtor or the Litigation Trust; (d) asserting any setoff, right of subrogation or recoupment of any kind against any obligation due to Debtor, Reorganized Debtor, or its property; and (e) proceeding in any manner in any place whatsoever that does not conform to, does not comply with, or is inconsistent with the provisions of the Plan of the Confirmation Order. Neither the injunction nor any provision of the Plan prohibits or otherwise affects Machine Zone's right to prosecute or defend against the consolidated Machine Zone Litigation or to set off any Allowed Claim of Machine Zone against any claim of the Debtor, Reorganized Debtor, or the Litigation Trust.

4. Event of Default

Upon the occurrence of an Event of Default, the holder of an Allowed Claim to whom performance is due shall have all rights and remedies granted by law (namely, state law breach of contract rights), the Plan, or any agreement between the holder of such Claim and Debtor or Reorganized Debtor.

5. Modification of the Plan; Revocation or Withdrawal of the Plan

Subject to Section 1127 of the Bankruptcy Code, Debtor reserves the right to alter, amend, modify or withdraw the Plan before its substantial consummation so long as the treatment of holders of Claims and Equity Security under the Plan are not adversely affected.

6. Retention of Jurisdiction

Notwithstanding the entry of the Confirmation Order or the Effective Date having occurred, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of or relating to the Chapter 11 Case, including but not limited to the following matters to: (a) classify the Claim or interest of any Creditor or Interests, reexamine Claims or Interests that have been owed for voting purposes, and determine any objections that may be Filed to Claims or Interests; (b) determine requests for payment of Claims entitled to priority under Section 507(a) of the Bankruptcy Code, including compensation and reimbursement of expenses in favor of professionals employed at the expense of the bankruptcy estate; (c) avoid transfers or obligations to subordinate Claims under Chapter 5 of the Bankruptcy Code; (d) approve the assumption, assignment, or rejection of an executory contract or an unexpired lease pursuant to this Plan; (e) resolve controversies and disputes arising in connection with the interpretation, implementation, or enforcement of this Plan; (f) implement the provision of this Plan and enter orders in aid of confirmation and/or the discharge, or the effect of such discharge, provided to Debtor; (g) determine the validity, priority or extent of any Claims or Claims of lien; (h) adjudicate adversary proceedings, applications, contested matters, or other litigation matters pending on the Effective Date or hereafter commenced in this Bankruptcy Case; (i) order and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated; (j) hear and determine any applications to modify the Plan, to cure any defect or omission, or to reconcile any inconsistency in the Plan or related documents, or in any order of the Bankruptcy Court, including the Confirmation Order; (k) ensure that distributions to holders of Allowed Claims are accomplished as provided herein; (l) hear and determine any issue arising out of or related to the Litigation Trust, and any issues presented as arising under the Litigation Trust Agreement; (m) hear and determine objections to or requests for estimations of Claims, including any objections to the classification of any Claim and to allow, disallow and/or estimate any Claim in whole or in part; (n) hear and determine any other matters related hereto and not inconsistent with Chapter 11 of the Bankruptcy Code; and (o) enter a final decree closing this Bankruptcy Case.

7. United States Trustee Fees

Reorganized Debtor shall be responsible for timely payment of fees incurred pursuant to 28 U.S.C. § 1930(a)(6) until the case is closed, converted or dismissed. After confirmation, Reorganized Debtor shall serve on the United States Trustee a financial report for each quarter, or portion thereof, that the case remains open. The quarterly financial report shall include a statement of all disbursements made during the course of the quarter, whether or not pursuant to the Plan.

VIII. LIQUIDATION ANALYSIS

A Plan of Reorganization cannot be confirmed unless the Bankruptcy Court finds that the Plan is in the "best interest of creditors" or holders of Claims against, and Equity Security in, Debtor subject to such plan. The best interest test is satisfied if a plan provides each dissenting or non-voting member of each impaired Class with a recovery not less than the recovery such member would receive if Debtor was liquidated in a hypothetical case under Chapter 7 of the Bankruptcy Code by a Chapter 7 Trustee. Debtor believes the holders of impaired Claims will not receive less than they would receive under a Chapter 7 liquidation. In applying the "best interest" test, the Bankruptcy Court would ascertain the hypothetical recovery in a Chapter 7 proceeding to Secured Creditors, priority claimants, General Unsecured Creditors, and Equity Interest Holders. The hypothetical Chapter 7 recoveries would then be compared with the distribution offered to each Class of Claims or Equity Security under the Plan to determine that the Plan satisfied the "best interest" test set forth in the Bankruptcy Code.

A Chapter 7 liquidation of Debtor's case would result in the immediate cessation of Peak's operations. Substantially all assets would be liquidated and distributed to the Secured Creditors, with the Secured Creditors realizing less than the amount proposed under the Plan. Unsecured Creditors and Equity Security holders would likely receive nothing in a liquidation from the liquidation value of Debtor's assets. Debtor's liquidation analysis showing projected results of a liquidation of Debtor's assets (other than Debtor's claims in the Machine Zone Litigation and claims under Chapter 5 of the Bankruptcy Code) is attached hereto as **Exhibit 3**. The liquidation analysis shows that Unsecured Creditors, Priority Creditors, Administrative Expense Creditors, and even some Secured Creditors, would receive nothing in a Chapter 7 bankruptcy.

If the Bankruptcy Case were liquidated, the Chapter 7 Trustee would determine whether to pursue the Machine Zone Litigation. The Machine Zone Litigation has less value in a Chapter 7 under the Trustee's control than in the current Chapter 11 under Peak's control. Debtor believes that the Machine Zone Litigation would be more difficult to pursue in a Chapter 7 because the people most knowledgeable about the facts of the case would no longer be affiliated with Peak, leaving the Chapter 7 Trustee without the necessary people to develop, and assist in prosecuting the case; the Chapter 7 Trustee would have no personal knowledge of the facts in the case; and the Litigation Loan used to finance Peak's expenses in the Machine Zone Litigation, described in section III(C) above, would terminate.

Debtor believes it is likely that the Machine Zone Litigation would be settled for less than the amount owed to the Secured Creditors, the expenses of the litigation, Chapter 11 Administrative Expenses, and the Chapter 7 Trustee fees and costs. There would likely be no recovery to Unsecured Creditors. On the other hand, Debtor has the incentive, knowledge, resources and team in place to aggressively pursue a full and fair recovery.

IX. POSSIBLE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

A. INTRODUCTION

Implementation of the Plan may have federal, state, local and foreign tax consequences for Debtor, Creditors and Equity Security Holders. No tax opinion or ruling has been sought or will be obtained with respect to any tax consequences of the Plan, and the following discussion does not constitute and is not intended to constitute either a tax opinion or tax advice to any person.

The following discussion is based on the Internal Revenue Code of 1986, as amended (the "IRC"), the Treasury Regulations promulgated thereunder, and published rulings and court decisions in effect as of the date hereof, all of which are subject to change, possibly retroactively, and such changes could modify or adversely affect the federal income tax consequences summarized below. There can be no assurance that the Internal Revenue Service will agree with the federal income tax consequences described below.

The federal income tax consequences of the Plan are complex. Each Creditor and each Equity Security Holder is strongly urged to consult its own tax advisers as to the particular federal, state, local and foreign income and other tax consequences of the transactions contemplated by the Plan.

B. CANCELLATION OF DEBT INCOME: GENERAL RULE

Subject to certain exceptions, a debtor realizes income (referred to herein as "cancellation of debt" or "COD" income) upon the discharge or cancellation of its outstanding indebtedness equal to the excess (if any) of (a) the amount of indebtedness discharged over (b) the amount of cash plus the issue price of any new indebtedness issued plus the fair market value of any other consideration given in satisfaction of the indebtedness.

One of the exceptions to this general rule provides that a debtor is not required to include COD income in gross income if Debtor is under the jurisdiction of the court in a Title 11 case and the discharge is granted by the court or the discharge is pursuant to a plan approved by the court. Instead, the amount excluded from gross income is applied to reduce certain tax attributes of Debtor is a specified order. Tax attributes generally are reduced by one dollar for each dollar excluded from gross income, except that tax credits are reduced by one-third of the amount excluded from gross income. Notwithstanding the general order of attribute reduction, the IRC provides a debtor with an election to reduce its tax basis in depreciable assets prior to reducing net operating losses. The reduction in tax attributes generally takes effect after the federal income tax is determined for the tax year in which the debt discharge occurs.

C. GENERAL TAX CONSEQUENCES TO EQUITY SECURITY HOLDERS

Debtor is classified as a partnership for federal income tax purposes. Section 1399 of the IRC provides that no separate taxable entity is created as a result of a partnership in bankruptcy. Therefore, the commencement of a bankruptcy proceeding by or against Debtor will not result in the creation of a new taxable entity, nor will the commencement of the proceedings result in the recognition of any income, gain or loss to Debtor, or result in the acceleration of any income or recapture of any tax benefits to Debtor or Equity Security Holders.

As a partnership, Debtor is not itself generally subject to federal income tax. Instead, the Equity Security Holders are required to report on their respective income tax returns their allocable shares of Debtor's income, gains, losses, credits and deductions without regard to whether they receive any corresponding cash distributions. If any Equity

Security Holder is also classified as a partnership or another types of pass-through entity, such as an S corporation, its allocable share of Debtor's income, gains, losses, credits and deductions will similarly be passed through to its owners.

Reorganized Debtor is expected to continue to be classified as a partnership after confirmation of the Plan. Accordingly, Reorganized Debtor's post-confirmation income, gains, losses, credits and deductions will continue to be passed through to its equity security holders. Specifically, the Operating Loan Lender (and any subsequent holder of Series A Preferred Units) is expected to be allocated amounts of income equal to the amount of the preferred return payable with respect to its Series A Preferred Units, and the holders of Common Units are expected to be allocated the balance of Reorganized Debtor's income, pro rata in accordance with the number of Common Units held by each. Reorganized Debtor's Amended and Restated Limited Liability Company Agreement required Reorganized Debtor to make tax distributions to its unitholders, but if Reorganized Debtor does not have sufficient cash to make such distributions, Reorganized Debtor's unitholders could be allocated and required to pay income tax on Reorganized Debtor's income without receiving any cash distributions to cover such tax.

In addition, under the IRC, any cancellation of debt income recognized by Debtor will flow through to the Equity Security Holders. Because the IRC exclusions from cancellation of debt income for discharge of debt in a Title 11 Bankruptcy Case or with respect to an insolvent taxpayer are applied at the ultimate beneficial owner level, they will not be available with respect to the Equity Security Holders, unless an Equity Security Holder is itself the subject of a Title 11 Bankruptcy Case or is insolvent.

D. GENERAL TAX CONSEQUENCES TO HOLDERS OF ALLOWED CLAIMS

Allowed Claims are expected to be paid from a portion of the Adjusted Net Income of Reorganized Debtor and from the proceeds of the Litigation Trust. Each holder of

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an Allowed Claim will be treated as if the Allowed Claim was paid and extinguished in exchange for an amount equal to the sum of the Adjusted Net Income received by the holder and the holder's allocable share of the Litigation Trust Assets that will be transferred to the Litigation Trust, as described in Part IX.E below.

The holder of an Allowed Claim that elects to convert all or a portion of its Allowed Claim to Common Units will be treated for tax purposes as contributing its debt to Reorganized Debtor in exchange for an equity interest and should not recognize any gain or loss on such contribution. However, nonrecognition treatment will not apply to the extent that the Common Units are issued in exchange for indebtedness for unpaid rent, royalties or interest (including accrued original issue discount) that accrued on or after the beginning of the holder of the Allowed Claim's holding period for the indebtedness. Instead, these items should result in income or loss to the holder of the Allowed Claim.

To the extent that the holder of an Allowed Claim does not elect conversion to Common Units, the holder will be treated as if the Allowed Claim was paid and ext6inguished in exchange for an amount equal to the sum of the Adjusted Net Income received by the holder and the holder's allocable share of the Litigation Trust Assets that will be transferred to the Litigation Trust, as described in Part IX.E below.

The tax consequences of the Plan to a holder of such an Allowed Claim will depend, in part, on the type of consideration the holder receives in exchange for the Allowed Claim, whether the holder reports income on the accrual or cash-basis method, and whether the holder receives distributions under the Plan in more than one taxable year.

In general, a holder of an Allowed Claim that receives cash or property – including an allocable share of the Litigation Trust Assets that are transferred to the Litigation Trust – in satisfaction of its Allowed Claim in a single taxable year will recognize (a) ordinary interest income to the extent such payments are attributable to interest that has accrued but has not been previously taken into income by the holder with respect to the

Allowed Claim and (b) gain or loss in an amount equal to the difference between (i) the amount of cash and the fair market value of other property received by such holder in satisfaction of such Allowed Claim (other than amounts attributable to accrued interest, which is taxed as described above) and (ii) the holder's adjusted tax basis in such Allowed Claim. If the Allowed Claim is for a loan, the holder may be entitled to a bad debt deduction to the extent the amount received is less than the tax basis of the loan. The general tax consequences to holders of Allowed Claims arising from the transfer of Litigation Trust Assets to the Litigation Trust are described in Part IX.E below.

Where gain or loss is recognized by a holder of an Allowed Claim under the foregoing rules, the character of such gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the holder, whether the Allowed Claim constitutes a capital asset in the hands of the holder and how long it has been held, whether the Allowed Claim was acquired at a market discount, and whether and to what extent the holder had previously claimed a bad debt deduction.

E. GENERAL TAX CONSEQUENCES TO THE LITIGATION TRUST, HOLDERS OF ALLOWED CLAIMS, AND INTERESTS HOLDERS FOLLOWING TRANSFER OF MACHINE ZONE CLAIMS

1. Classification of Litigation Trust for Federal Income Tax Purposes

The Litigation Trust is intended to qualify as a "liquidating trust" for U.S. federal income tax purposes. In general, a liquidating trust is not a separate taxable entity, but instead is treated for U.S. federal income tax purposes as a "grantor trust." However, merely establishing a trust as a liquidating trust does not ensure that it will be treated as a grantor trust for U.S. federal income tax purposes. The Internal Revenue Service ("IRS"), in Revenue Procedure 94-45, 1994-2 C.B. 684, set forth the general criteria for obtaining an IRS ruling as to the grantor trust status of a liquidating trust under a Chapter 11 plan. The Litigation Trust will be structured to comply with such general criteria. The following discussion assumes that the Litigation Trust will be respected as a grantor trust for U.S. federal income tax purposes. However, no opinion of counsel has been requested, and the Litigation Trustee does not intend to obtain a ruling from the IRS, concerning the tax status of the Litigation Trust as a grantor trust. Accordingly, there can be no assurance that the IRS would not take a contrary position. If the IRS were to challenge successfully the classification of the Litigation Trust, the U.S. federal income tax consequences to the Litigation Trust could vary from those discussed herein (including the potential for an entity-level tax on income of the Litigation Trust).

2. General Tax Consequences of Transfer of Machine Zone Claims to Litigation Trust

The transfer of the Litigation Trust Assets to the Litigation Trust should be treated for federal tax purposes as the transfer of the Litigation Trust Assets to the holders of Allowed Claims and to the Interests holders (collectively, the "Beneficiaries"), immediately followed by the Beneficiaries' contribution of the Litigation Trust Assets to the Litigation Trust. As soon as practicable after the Effective Date, the Trustee of the Litigation Trust in consultation with advisors and consultants, as appropriate, will determine and report the value of the Litigation Trust Assets and the portion of such value allocable to each Beneficiary in accordance with applicable law. It is expected that the Trustee's valuation will take into account a number of factors, including but not limited to its estimation of the likelihood that Debtor will prevail on the Machine Zone Litigation claims, the estimated cost of the litigation, and the estimated duration of the litigation. All parties to and Beneficiaries of the Litigation Trust must consistently use such valuation for all U.S. federal income tax purposes.

As detailed in Part IX.D above, the holders of Allowed Claims will recognize income, gain, deduction or loss upon the deemed transfer to them of their allocable shares of the Litigation Trust Assets, depending on the nature and character of their respective

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Allowed Claims. The Interests holders are not expected to recognize any income, gain, deduction or loss upon the deemed transfer to them of their allocable shares of the Litigation Trust Assets. The Beneficiaries' deemed contributions to the Litigation Trust should be tax-free.

The tax bases of the Litigation Trust Assets will be adjusted to equal their fair market value. There will be no carryover basis from Debtor's Bankruptcy Estate. A new holding period for the proceeds of the Litigation Trust Assets will begin upon the transfer to the Litigation Trust.

3. General Tax Consequences of Litigation Trust Following Contribution of Machine Zone Claims

As a grantor trust, the Litigation Trust will not be liable for income taxes. Instead, the Litigation Trust's income, gains, losses, credits and deductions will be passed through to the Beneficiaries, who will report on their federal income tax returns their allocable shares of such income, gains, losses, credits and deductions. The character of items of income, gain, loss, deduction and credit to any Beneficiary holding a beneficial interest in the Litigation Trust, and the ability of the Beneficiary to benefit from any deductions or losses, may depend on the particular circumstances or status of the Beneficiary.

The Beneficiaries' obligation to report their respective shares of the Litigation Trust's tax items is not dependent on the distribution of any cash or other Litigation Trust assets by the Litigation Trust. Accordingly, a Beneficiary may incur a tax liability as a result of owning a share of the proceeds of the Litigation Trust Assets, regardless of whether the Litigation Trust distributes cash or other assets. In addition, due to possible differences in the timing of income on, and the receipt of cash from the Litigation Trust, a Beneficiary may be required to report and pay tax on a greater amount of income for a taxable year than the amount of cash received by the Beneficiary during the year.

The Litigation Trust will file annual information tax returns with the IRS as a grantor trust pursuant to Treasury Regulations Section 1.671-4(a) that will include information concerning certain items of income, gain, loss, deduction and credit. Each Beneficiary will receive a copy of the information returns and must report on its federal income tax return its share of all such items.

F. INFORMATION REPORTING AND BACKUP WITHHOLDING

Certain payments, including the payments with respect to Claims pursuant to the Plan, are generally subject to information reporting by the payor to the IRS. Moreover, under certain circumstances, a holder of a Claim may be subject to "backup withholding" with respect to payments made pursuant to the Plan, unless such holder either (a) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates this fact, or (b) provides a correct United States taxpayer identification number and certifies under penalty of perjury that the holder is a United States person, the taxpayer identification number is correct, and that the taxpayer is not subject to backup withholding because of a failure to report all dividend and interest income. Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credit against the holder's United States federal income tax liability, and the holder may obtain a refund any excess amounts withheld under the backup withholding rules by filing an appropriate claim for refund with the IRS.

G. GENERAL DISCLAIMER

The federal income tax consequences of the Plan are complex. The foregoing discussion is not intended to be a substitute for careful tax planning, particularly since certain of the federal tax consequences of the Plan will not be the same for all Creditor, Equity Security Holders or other persons due to their individual circumstances. Each Creditor and each Equity Security Holder (including the ultimate beneficial owners of Equity Security Holders that are pass-through entities) is urged to consult with its own tax advisors in determining the federal, state local and foreign income and other tax consequences of the transactions contemplated by the Plan.

X. ACCEPTANCE AND CONFIRMATION OF THE PLAN

A. CONFIRMATION HEARING

The Bankruptcy Court has scheduled a hearing on confirmation of the Plan on ____________________, at ________ Pacific time. The hearing will be held at the U.S. Bankruptcy Court for the District of Oregon, 1001 SW Fifth Avenue, Portland, Oregon in Courtroom No. 1, before the Honorable Peter C. McKittrick, United States Bankruptcy Judge. At that hearing, the Bankruptcy Court will consider whether the Plan satisfies the various requirements of the Bankruptcy Code, including whether it is feasible and whether it is in the best interest of Creditors and Equity Security Holders of Debtor. Debtor will submit a report to the Bankruptcy Court prior to the hearing concerning the votes for acceptance or rejection of the Plan by the parties entitled to vote thereon. Any objection to confirmation of the Plan must be timely filed on or before __________________________ to be considered by the Court.

B. REQUIREMENTS OF CONFIRMATION

At the hearing on confirmation, the Bankruptcy Court will determine whether the provisions of Section 1129 of the Bankruptcy Code have been satisfied. If all of the provisions of Section 1129 are met, the Bankruptcy Court may enter an order confirming the Plan. Debtor believes the Plan satisfies all of the requirements of Chapter 11 of the Bankruptcy Code, that it has complied or will have complied with all of the requirements of Chapter 11, and that the Plan has been proposed and is made in good faith.

C. CRAMDOWN

As discussed in Section II(D) above, the Court may confirm a Plan, even if it is not accepted by all impaired classes, if the Plan has been accepted by at least one impaired Class of Claims and the Plan meets the cram down requirements set forth in Section 1129(b)

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of the Bankruptcy Code. In the event that any impaired Class of Claims does not accept the Plan, Debtor requests that the Bankruptcy Court confirm the Plan in accordance with Section 1129(b) of the Bankruptcy Code or otherwise permit Debtor to modify the Plan.

D. FEASIBILITY

Debtor believes that confirmation of the Plan is not likely to be followed by the liquidation of Reorganized Debtor or a need for a further financial reorganization of Reorganized Debtor. Debtor is already liquidating certain assets through the Liquidation Trust. Further, as described in Section VII.E.2.c. above and illustrated in **Exhibit 2** attached hereto, Reorganized Debtor will be able to operate profitably after confirmation.

E. RISK FACTORS

Debtor's operations and financial results are subject to various risks and uncertainties that could adversely affect its business, cash flows, financial condition and results of operations. Additional risks and uncertainties not currently known to Peak or that are not identified here may also materially and adversely affect the business, cash flows, financial condition, or results of operations. Statements that refer to expectations, projections, or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. These statements are not guarantees and are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, actual results could differ materially and adversely from forward-looking statements or projections. Some important factors that could cause Reorganized Debtor's actual results to differ from expectations in any forward-looking statements include, but are not limited to, those risks discussed and summarized below.

1. General Factors

a. Financial Performance May Vary. As discussed in Section VII.E.2.b. in this Disclosure Statement, Reorganized Debtor expects to engage in the managed services and consulting business for the initial period following confirmation.

Subsequently, it may again return to the hosting business. Peak has projected financial results that reflect providing managed services and consulting services to existing and new customers based on known facts and hypothetical assumptions. Actual financial results, however, may differ significantly from the projections. Reorganized Debtor may not be able to meet the projected financial results or achieve the revenue or cash flow that it has assumed in projecting future business prospects.

If Debtor has insufficient cash to pay all Allowed Administrative Expense Claims in full upon confirmation, it will need to reach arrangements with these Claimants to defer payment of their respective Administrative Expense Claims in order to confirm the Plan.

b. The Outcome of the Machine Zone Litigation is Unknown. As described in Section III.C., Peak is pursuing claims against Machine Zone in the Machine Zone Litigation. While Peak believes there is the potential for a significant recovery against Machine Zone or others, it is unknown whether judgments will be awarded in Peak's favor, how long it will take to obtain judgments, how much the judgment awards will be, or what amount Peak might otherwise be able to obtain through settlements. If Peak were to prevail on its claims at trial, then all Creditors would be paid in full and there would be substantial equity. If Peak loses on its claims at trial, the Creditors would be paid only from Reorganized Debtor's continued operations. If settlements are reached, then the proceeds would be distributed to Creditors in the order of priority under the Bankruptcy Code.

c. Competition. Several companies provide managed hosting and consulting services in competition with Peak.

d. Staffing. Employee staffing in the managed services and consulting business is a key to success and is highly competitive. Reorganized Debtor's business model relies upon retaining certain of its existing staff, and later hiring additional managed hosting and consulting staff. Peak's projections are based on its prior business

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success and ability to attract talented staff. However, if key staff were to leave or Peak were unable hire sufficient additional qualified employees, it would have a material adverse effect on Reorganized Debtor's business.

F. ALTERNATIVES TO CONFIRMATION OF THE PLAN

If a Plan is not confirmed, Debtor or another party in interest may attempt to formulate or propose a different plan or plans of reorganization. Such plans might involve a reorganization and continuation of Debtor's business, a sale of Debtor's business as a going concern, an orderly liquidation of Debtor's assets, or any combination thereof. If no plan of reorganization is determined by the Bankruptcy Court to be confirmable, the Bankruptcy Case may be converted to a liquidation proceeding under Chapter 7 of the Bankruptcy Code.

In a Chapter 7 liquidation, a Trustee would be appointed or elected with the purpose of liquidating Debtor's assets. Typically, in a liquidation, assets are sold for less than their going concern or fair market valuation and, accordingly, the return to Creditors is less than the return in a reorganization, which derives the value to be distributed from the business as a going concern. Proceeds from a Chapter 7 liquidation would be distributed to Creditors and Interest holders of Debtor in accordance with the priorities set forth in the Bankruptcy Code. Generally, distributions would not be made until the end of a Chapter 7 case and there would be no interim distributions. As explained in Section VIII above, if Debtor's case were converted to Chapter 7, Debtor believes the Secured Creditors would receive relief from the automatic stay to collect the liquidation value of their collateral, and General Unsecured Creditors and Interest holders would likely receive nothing. Debtor urges all parties to vote to accept the Plan.

XI. CONCLUSION

Please read this Disclosure Statement and the Plan carefully. After reviewing all the information and making an informed decision, please vote by using the enclosed ballot.

DATED this ~~31st~~ 10th day of ~~January~~ February , 2017.

PEAK WEB LLC

By */s/ Jeffrey Papen*
Jeffrey Papen, CEO

Presented by:

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By */s/ Timothy J. Conway*
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UNITED STATES BANKRUPTCY COURT

DISTRICT OF OREGON

In re Peak Web LLC, Debtor.	Case No. 16-32311-pcm11 **DEBTOR'S REVISED SECOND AMENDED PLAN OF REORGANIZATION (~~JANUARY 31~~FEBRUARY 10, 2017)**

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Peak Web LLC ("Peak" or "Debtor") as Debtor and debtor-in-possession, proposes the following Plan of Reorganization ("Plan") pursuant to Section 1129(a) of Title 11 of the United States Code. This Plan provides the terms upon which Peak will restructure its business and provide payments to its creditors. The Plan provides for a Litigation Trust to be established to pursue the Machine Zone Litigation and related claims and for Peak to restructure its business as a managed services and consulting business. The Plan provides for payment to creditors primarily from any recovery in the Machine Zone Litigation and, to the extent necessary, from Peak's future business operations. The Disclosure Statement provided herewith will assist you in understanding this Plan and making an informed judgment concerning how to vote. However, the terms of this Plan, not what is contained in the Disclosure Statement, shall control and be binding on the parties if this Plan is confirmed by the Bankruptcy Court.

ARTICLE 1

DEFINITIONS

Definitions of certain terms used in this Plan are set forth below. Other terms are defined in the text of this Plan or the text of the Disclosure Statement. In either case, when a defined term is used, the first letter of each word in the defined term is capitalized. Terms used and not defined in this Plan or the Disclosure Statement shall have the meanings given in the Bankruptcy Code or Bankruptcy Rules, or otherwise as the context requires. The meanings of all terms shall be equally applicable to both the singular and plural, and masculine and feminine, forms of the terms defined. The words "herein," "hereof," "hereto," "hereunder," and others of similar import, refer to the Plan as a whole and not to any particular section, subsection, or clause contained in the Plan. Captions and headings to articles, sections, and exhibits are inserted for convenience of reference only and are not intended to be part of or to affect the interpretation of the Plan. The rules of construction set forth in Section 102 of the Bankruptcy Code shall apply. In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply. Any capitalized term that is not defined herein, but is defined in the Bankruptcy Code, shall have the meaning ascribed to such term in the Bankruptcy Code.

1.1 "Adjusted Net Income" means Reorganized Debtor's Net income in accordance with GAAP, measured on a semi-annual basis, (December 31 and June 30) less Plan payments on Allowed Claims other than General Unsecured Claims, add depreciation and amortization expense back, less actual capital expenditures (capped at $75,000) less accrued taxes payable, add actual taxes paid by members, less an increase in reasonable working capital reserve not to exceed $250,000 in any given year or $500,000 in total.

1.2 "Administrative Convenience Claim" means any Allowed Unsecured Claim that is equal to or less than $3,000, or that has been reduced by election in writing to $3,000, provided that such written election shall be served on Debtor no later than the date fixed by the Court for the filing of acceptances or rejections of the Plan unless otherwise approved by Debtor in its sole discretion.

1.3 "Administrative Expense Claim" means any Claim entitled to the priority afforded by Sections 503(b) and 507(a)(2) of the Bankruptcy Code.

1.4 "Allowed" means, with respect to any Claim, proof of which has been properly and timely Filed or, if no Proof of Claim was so Filed, which was or hereafter is listed on the Schedules as liquidated in amount and not disputed or contingent, and, in either case, a Claim as to which no objection to the allowance thereof, or motion to estimate for purposes of allowance, shall have been Filed on or before any applicable period of limitation that may be fixed by the Bankruptcy Code, the Bankruptcy Rules, and/or the Bankruptcy Court, or as to which any objection, or any motion to estimate for purposes of allowance, shall have been so Filed, to the extent allowed by a Final Order.

1.5 "Allowed Secured Claim" means an Allowed Claim that is secured by a lien, security interest, or other charge against or interest in property in which Debtor has an interest or that is subject to setoff under Section 553 of the Bankruptcy Code, to the extent of the value (as set forth in the Plan or, if no value is specified, as determined in accordance with Section 506(a) of the Bankruptcy Code or, if applicable, Section 1111(b) of the Bankruptcy Code) of the interest of the holder of such Claim in Debtor's interest in such property or to the extent of the amount subject to setoff, as the case may be.

1.6 "Allowed Unsecured Claim" means an Allowed Claim that is not an Allowed Secured Claim or an Allowed Administrative Expense Claim.

1.7 "Avoidance Actions" means, without limitation, any and all actions, causes of action, liabilities, obligations, rights, suits, debts, sums of money, damages, judgments, claims, and demands whatsoever, whether known or unknown, in law (including, without limitation, Sections 506(c), 510, 542, 544, 547, 548, 549, 550, and 553 of the Bankruptcy Code or equivalent provisions of applicable non-bankruptcy law), equity, or otherwise.

1.8 "Bankruptcy Case" means the case under Chapter 11 of the Bankruptcy Code with respect to Debtor, pending in the District of Oregon, administered as *In re Peak Web LLC,* Case No. 16-32311-pcm11.

1.9 "Bankruptcy Code" means the Bankruptcy Reform Act of 1978, as amended from time to time, set forth in Sections 101 et seq. of Title 11 of the United States Code.

1.10 "Bankruptcy Court" means the United States Bankruptcy Court for the District of Oregon, or such other court that exercises jurisdiction over the Bankruptcy Case or any proceeding therein, including the United States District Court for the District of Oregon, to the extent the reference to the Bankruptcy Court or any proceeding therein is withdrawn.

1.11 "Bankruptcy Rules" means, collectively, the Federal Rules of Bankruptcy Procedure, as amended and promulgated under Section 2075, Title 28, of the United States Code, and the local rules and standing orders of the Bankruptcy Court.

1.12 "Business Day" means a day other than a Saturday, Sunday, any legal holiday as defined in Bankruptcy Rule 9006(a), or any other day on which banks in Portland, Oregon are authorized or required by law to be closed.

1.13 "Cash" means lawful currency of the United States of America and equivalents, including, without limitation, checks, wire transfers, and drafts.

1.14 "Claim" means (a) any right to payment from Debtor arising before the Effective Date, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured; or (b) any right to an equitable remedy against Debtor arising before the Effective Date for breach of performance if such breach gives rise to a right of payment from Debtor, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

1.15 "Class" means one of the classes of Claims defined in Article 3 hereof.

1.16 "Collateral" means any property in which Debtor has an interest that is subject to a lien or security interest securing the payment of an Allowed Secured Claim.

1.17 "Committee" means the Official Unsecured Creditors' Committee appointed in this case by the United States Trustee pursuant to Section 1102 of the Bankruptcy Code, as reconstructed by the addition or removal of members from time to time.

1.18 "Common Units" means common LLC equity units in Reorganized Debtor issued under this Plan and as more fully described in the Amended and Restated Limited Liability Company Agreement of Peak Web LLC substantially in the form attached hereto as **Exhibit B**.

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1.19 "Confirmation Date" means the date on which the Confirmation Order is entered on the docket by the Clerk of the Bankruptcy Court.

1.20 "Confirmation Order" means the order of the Bankruptcy Court confirming the Plan in accordance with the provisions of Chapter 11 of the Bankruptcy Code.

1.21 "Creditor" means any entity holding a Claim against Debtor.

1.22 "Debtor" means Peak Web LLC as Debtor and debtor-in-possession in the Bankruptcy Case.

1.23 "Deficiency Claim" means the portion of a Secured Claim that is unsecured, which will be treated as an Unsecured Claim.

1.24 "Disclosure Statement" means Debtor's Disclosure Statement as amended, modified, restated, or supplemented from time to time, pertaining to the Plan.

1.25 "Disputed Claim" means a Claim with respect to which a Proof of Claim has been timely Filed or deemed timely Filed under applicable law, and as to which an objection, timely Filed, has not been withdrawn on or before the Effective Date or any date fixed for filing such objections by order of the Bankruptcy Court, and has not been denied by a Final Order.

1.26 "Effective Date" means the first day of the first full month after the Confirmation Date and after which the conditions to effectiveness set forth in Section 6.8 have been waived or satisfied.

1.27 "Entity" shall have the meaning ascribed to it by Section 101(15) of the Bankruptcy Code.

1.28 "Equity Security" shall have the meaning ascribed to it in Section 101(16) of the Bankruptcy Code with respect to any Equity Security Holder of Debtor.

1.29 "Equity Security Holder" means a holder of an Equity Security of Debtor.

1.30 "Filed" means filed with the Bankruptcy Court in the Bankruptcy Case.

1.31 "Final Order" means an order or judgment entered on the docket by the Clerk of the Bankruptcy Court or any other court exercising jurisdiction over the subject matter and the parties that has not been reversed, stayed, modified, or amended, and as to which the time for filing a notice of appeal, or petition for certiorari or request for certiorari, or request for rehearing, shall have expired and is no longer subject to remand, retrial, modification, or further proceedings of any kind or nature.

1.32 "General Unsecured Claim" means an Unsecured Claim that is not an Administrative Convenience Claim.

1.33 "Insider" shall have the meaning ascribed to it by Section 101(31) of the Bankruptcy Code.

1.34 "Interests" means all rights of Jeffrey Papen and FWH Holdings, LLC, the owners of Peak as of the Petition Date, on account of their issued and outstanding membership Interests of Debtor as of the Petition Date.

1.35 "Litigation" means the Machine Zone Litigation.

1.36 "Litigation Loan" means the Peak Web LLC Loan and Security Agreement entered into with PSA 9, LLC and related Secured Promissory Notes as approved by the Final Order Authorizing Debtor to Obtain First Priority Secured Credit (Litigation Loan) entered by the Bankruptcy Court on August 9, 2016, as may be supplemented, modified, or amended from time to time.

1.37 "Litigation Loan Lender" means PSA 9, LLC, the lender of the Litigation Loan, and any other lender, participant, successor, and/or assign with respect to the Litigation Loan.

1.38 "Litigation Proceeds" means the proceeds received by the Litigation Trust from the liquidation of the Litigation Trust Assets.

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1.39 "Litigation Trust" means the Litigation Trust established by the Plan as set forth in the Litigation Trust Agreement.

1.40 "Litigation Trust Agreement" means the Litigation Trust Agreement attached hereto as **Exhibit A**, established, organized, and implemented through confirmation of Debtor's Plan in accordance with 11 U.S.C. §§ 1123(a)(5)(B) and 1123(b)(3)(B) of the Bankruptcy Code.

1.41 "Litigation Trust Assets" means (a) Peak's claims against Machine Zone in *Peak Web LLC v. Machine Zone, Inc., Epic War LLC and Does 1 through 10, inclusive,* Santa Clara County Superior Court Case No. 1-15-cv-288681, and all other claims Debtor may have arising out of or related to any of the facts, circumstances, events, or issues raised therein against Machine Zone, Inc., Epic War LLC, and Does 1 through 10 inclusive; (b) any and all other claims or causes of action in any way related to or arising out of the same or similar facts, circumstances, events, or issues described therein, whether against Machine Zone, Epic War, or any other party, whether or not that party is or may become a party to the above-captioned litigation or another action that may be subsequently filed; (c) all of Debtor's intellectual property rights and trade secrets; (d) any and all avoidance or recovery claims of Debtor's bankruptcy estate under Chapter 5 of the Bankruptcy Code; and (e) any other claims or assets transferred to the Litigation Trust pursuant to the Plan, Confirmation Order, or this Agreement, and any income, proceeds, profits, revenue, or assets generated therefrom.

1.42 "Machine Zone Litigation" means the complaint (and any subsequent amendments) Peak filed against Machine Zone, Inc., Epic War, and Does 1 through 10 in the complex department of the Superior Court of California, County of Santa Clara, Case No. 1-15-cv-288681, alleging causes of action for (a) misappropriation of trade secrets, (b) breach of contract, (c) breach of implied covenant of good faith and fair dealing, (d) negligent misrepresentation, (e) fraudulent inducement, (f) unfair competition,

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(g) promissory estoppel, (h) conversion, (i) declaratory relief, and (j) such other and further claims as may be alleged from time to time.

1.43 "Operating Loan" means the Operating Line of Credit Agreement made and entered into as of June 13, 2016 by and among PSA 9, LLC and Debtor, and all related Operating Optional Advance Notes as set forth in the Final Order Authorizing Debtor to Obtain Unsecured Credit Pursuant to Bankruptcy Rule 4001 (Operating Loan) entered by the Bankruptcy Court on August 2, 2016, as may be amended from time to time.

1.44 "Operating Loan Lender" means PSA 9, LLC, the lender of the Operating Loan, and its participants, successors, and/or assigns.

1.45 "Other Priority Claim" means any Claim for an amount entitled to priority in right of payment under Sections 507(a)(3), (4), (5), (6), or (7) of the Bankruptcy Code.

1.46 "Petition Date" means June 13, 2016, the date on which the voluntary petition commencing this Bankruptcy Case was Filed.

1.47 "Plan" means this Plan of Reorganization, as amended, modified, restated, or supplemented from time to time.

1.48 "Preferred Units" means Series A Preferred Units.

1.49 "Prime Rate" means the prime interest rate published by the Wall Street Journal.

1.50 "Priority Tax Claim" means a Claim of a governmental unit of the kind entitled to priority under Section 507(a)(8) of the Bankruptcy Code or that would otherwise be entitled to priority but for the secured status of the Claim.

1.51 "Pro Rata" means the ratio of an Allowed Claim in a particular Class to the aggregate amount of all Allowed Claims, or Claims that could become Allowed Claims, in that Class.

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1.52 "Rejection Claim" means a Claim entitled to be filed as a result of a debtor rejecting an executory contract in this Bankruptcy Case.

1.53 "Reorganized Debtor" means Debtor from and after the Effective Date.

1.54 "Restated Operating Agreement" means the restated Operating Agreement of Debtor, which shall modify and amend Debtor's Operating Agreement consistent with the terms of this Plan to prohibit the issuance of non-voting Equity Securities to the extent required by Section 1123(a)(6) of the Bankruptcy Code and shall govern Reorganized Debtor consistent with the terms of this Plan.

1.55 "Scheduled Amounts" means the Claim amounts as set forth in Debtor's Schedules.

1.56 "Schedules" means the Schedules of Assets and Liabilities and the Statement of Financial Affairs Filed by Debtor pursuant to Section 521 of the Bankruptcy Code, as amended, modified, restated, or supplemented from time to time.

1.57 "Secured Claim" means any Claim against Debtor held by any entity, including, without limitation, an affiliate or judgment creditor of Debtor, to the extent such Claim constitutes a secured Claim under Sections 506(a) or 1111(b) of the Bankruptcy Code. The unsecured portion, if any, of such Claim shall be treated as an Unsecured Claim.

1.58 "Series A Preferred Units" means Preferred LLC equity units in Reorganized Debtor issued under this Plan and as more fully described in the Amended and Restated Limited Liability Company Agreement of Peak Web LLC substantially in the form attached hereto as **Exhibit B**~~.~~.

1.59 "Unsecured Claim" means a Claim that is not an Administrative Claim, a Secured Claim, a Priority Tax Claim, or an Other Priority Claim.

1.60 "Unsecured Creditor" means a holder of an Allowed Unsecured Claim.

1.61 "Unsecured Creditor Proceeds" means the Litigation Proceeds available for distribution to the Unsecured Creditors from the Litigation Trust.

ARTICLE 2

UNCLASSIFIED CLAIMS

2.1 Administrative Expense Claims. Each holder of an Allowed Administrative Expense Claim shall be paid by Reorganized Debtor in full in Cash on the later of (a) the Effective Date; or (b) the date on which such Claim becomes Allowed, unless such holder shall agree to a different treatment of such Claim (including, without limitation, any different treatment that may be provided for in any documentation, statute, or regulation governing such Claim); provided, however, that Administrative Expense Claims representing obligations incurred in the ordinary course of business by Debtor during the Bankruptcy Case shall be paid by Debtor or Reorganized Debtor in the ordinary course of business and in accordance with any terms and conditions of the particular transaction, and any agreements relating thereto.

2.2 Priority Tax Claims. Each holder of an Allowed Priority Tax Claim shall be paid by Reorganized Debtor the full amount of its Allowed Priority Tax Claim as allowed by 11 U.S.C. § 1129(a)(9)(C) and (D) in equal amortizing monthly payments of principal and interest at the non-default rate determined under applicable non-bankruptcy law or, if there is no such defined rate, then at a rate equal to the Prime Rate plus 1% fixed as of the Confirmation Date, or such other rate as determined by the Bankruptcy Court, or the date the Claim is Allowed, commencing on the 12th day of the first full month following the Effective Date or the date the Claim is Allowed over a period ending June 12, 2021, unless such holder shall agree to a different treatment of such Claim (including, without limitation, any different treatment that may be provided for in any documentation, statute, or regulation governing such Claim).

2.3 Bankruptcy Fees. Fees payable by Debtor under 28 U.S.C. § 1930, or to the Clerk of the Bankruptcy Court, will be paid in full in Cash on the Effective Date. After confirmation, Reorganized Debtor shall continue to pay quarterly fees of the Office of the United States Trustee and to file quarterly reports with the Office of the United States Trustee until this Bankruptcy Case is closed by the Court, dismissed, or converted, except as otherwise ordered by the Court. This requirement is subject to any amendments to 28 U.S.C. § 1930(a)(6) that Congress makes retroactively applicable to confirmed Chapter 11 cases. The quarterly financial report shall include a statement of all disbursements made during the course of the quarter, whether or not pursuant to the Plan.

ARTICLE 3

CLASSIFICATION

For purposes of this Plan, Claims (except those treated under Article 2) are classified as provided below. A Claim is classified in a particular Class only to the extent such Claim qualifies within the description of such Class, and is classified in a different Class to the extent such Claim qualifies within the description of such different Class.

3.1 Class 1 (Bank of the West). Class 1 consists of the Allowed Secured Claim of Bank of the West ("BOW").

3.2 Class 2 (Huntington Technology Finance, Inc). Class 2 consists of the Allowed Secured Claim of Huntington Technology Finance, Inc. ("Huntington").

3.3 Class 3 (U.S. Bank Equipment Finance). Class 3 consists of the Allowed Secured Claim of U.S. Bank Equipment Finance, as assignee of VAR Resources Inc. ("US Bank").

3.4 Class 4 (Data Sales Co., Inc.). Class 4 consists of the Allowed Secured Claim of Data Sales Co., Inc. ("Data Sales").

3.5 Class 5 (Digital Loudoun Parkway Center, North, LLC and Collins Technology Park Partners, LLC). Class 5 consists of the Allowed Secured Claim of Digital Loudoun Parkway Center, North, LLC and Collins Technology Park Partners, LLC ("Digital/Collins").

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3.6 Class 6 (Richardson Independent School District of Texas). Class 6 consists of the Allowed Secured Claim of Richardson Independent School District of Texas ("Richardson School District").

3.7 Class 7 (Dallas County, Texas). Class 7 consists of the Allowed Secured Claim of Dallas County, Texas ("Dallas County").

3.8 Class 8 (General Unsecured Claims). Class 8 consists of all Allowed General Unsecured Claims, excluding Administrative Convenience Claims.

3.9 Class 9 (Administrative Convenience Claims). Class 9 consists of all Allowed Administrative Convenience Claims.

3.10 Class 10 (Equity Security Holders). Class 10 consists of all equity Interests held by Equity Security Holders of Debtor as of the Petition Date Security Holders of Debtor.

3.11 Class 11 (Other Secured Claims). Class 11 consists of Allowed Secured Claims not otherwise classified or provided for under the Plan .

ARTICLE 4

TREATMENT OF CLASSIFIED CLAIMS AND EQUITY SECURITY HOLDERS

Class 1 (Bank of the West). Class 1 is impaired. BOW will retain its interest in its Collateral with the same priority that it had as of the Petition Date except that BOW's lien in the Litigation Trust shall be subordinate to the Litigation Loan pursuant to the Final Order Authorizing Debtor to Obtain First Priority Secured Credit (Litigation Loan) [ECF No. 220]. BOW will retain its lien on all assets transferred into the Litigation Trust including, but not limited to, Peak's account receivable due from Machine Zone, Peak's contract causes of action against Machine Zone and other parties, and Peak's intellectual property assets. BOW will be repaid the full amount of its Allowed Secured Claim from the Litigation Proceeds as, and to the extent, such funds become available. In addition, BOW will have a Secured Claim against Reorganized Debtor's assets equal to the greater of

(a) $803,449 that consists of $781,149 (representing Debtor's accounts receivable as of the Petition Date minus offsets), plus $22,300 (representing the fair market value of equipment collateral being retained by Reorganized Debtor comprised of Thunderbolt (S/N C02KL6Z1F2GC), Thunderbolt Display (S/N C02KL6YUF2GC), Macbook Air 13 (S/N C1MP3CZ5G085), Thunderbolt (S/N C02MR8JVF2GC), Macbook Pro 15 (S/N C02Q421XG8WL), Thunderbolt (S/N C02MH4VZF2GC), Macbook Pro 15 (S/N C02PV9DMG8WN), Asus (S/N ECLMTF164922), Asus (S/N ECLMTF164929), MacBook Pro 15 (S/N C02PX1V0G8WL), Thunderbolt Display (S/N C02GP8MBDJGR), MacBook Pro (S/N C02PW5CXG8WN), Asus Display (S/N F7LMTF165239), Asus Display (S/N FLMTF165265), MacBook Pro 15 (S/N C02Q32GHG8WL), Asus Display (S/N F7LMTF164718), Macbook Pro (S/N C02PX97ZG8WN), Thunderbolt Display (S/N C02ML8CQF2GC), Thunderbolt Display (S/N C02ML4PTF2GC), Macbook Pro (S/N C02PNYG0G8WN), Thunderbolt Display (S/N C02MH4WAF2GC), MacBook Pro (S/N C02PJ2CKG3QN), Asus Display (S/N ECLMTF111848), ASUS Display (S/N ECLMTF164638), MacBook Pro (S/N C02Q3DW0G8WN), Thunderbolt Display (S/N C02L83A4F2GC), Thunderbolt Display (S/N C02M70PNF2GC), Macbook Pro (S/N C02PJ2DCG3QN), Lenovo (S/N PFOABTOE), Asus Display (S/N F7LMTF165272), Thunderbolt Display (S/N C02NX4YMF2GC), Macbook Pro (S/N C02PJ22YG3QN), Lenovo (S/N pf08mvlrPF9XB5528090), Asus (S/N F7LMTF165274), Thunderbolt Display (S/N C02NL3T8F2GC), Asus Display (S/N F4LMTF158717), MacBook (S/N C02Q2006G8WP), Macbook Pro (S/N C02H70CQDW48), Thunderbolt Display (S/N C02N80UCF2GC), MacBook (S/N C02PL1TWG3QN), Thunderbolt Display (S/N C02NK4A9F2GC), Thunderbolt Display (S/N C02PP421F2GC), Asus Display (S/N F4LMTF158727), Asus Display (S/N F4LMTF159323), Macbook Pro (S/N C02PL1PEG3QN), Macbook Pro (S/N C02Q50T9G8WL), Thunderbolt (S/N C02NR1BXF2GC), Thunderbolt (S/N C02MH5CYF2GC), Thunderbolt (S/N

C02LN4KKF2GC), Asus (S/N F5LMTF148675), Asus (S/N ECLMTF164761), Asus (S/N F1LMTF076810), Asus (S/N F7LMTF165261), and Asus (S/N ECLMTF164759)) or (b) the value of BOW's collateral being retained by Reorganized Debtor as of the Effective Date as determined in accordance with 11 U.S.C. § 506(a). All BOW's remaining equipment collateral will be surrendered to BOW. The proceeds, after liquidation of BOW's equipment collateral, shall reduce BOW's total Allowed Claim but not the secured amount to be paid by Reorganized Debtor. Reorganized Debtor will pay the greater of $803,449 or, in the event of a dispute regarding the value, the value of the collateral being retained by Reorganized Debtor as determined in accordance with 11 U.S.C § 506(a), in monthly payments of interest only commencing on the 15th day of the first full month following the Effective Date and continuing on the 15th day of each month thereafter for the first 12 months and thereafter in equal amortizing payments of principal and interest at a fixed rate of 4.5% per annum, or, in the event of a dispute over the applicable interest rate, at such other rate fixed by the Bankruptcy Court at confirmation, for an additional 36 months. In the event the Litigation Proceeds distributed to BOW and payments from Reorganized Debtor are insufficient to pay BOW's claim in full, BOW will have an unsecured Deficiency Claim for the unpaid balance.

Alternatively, to the extent BOW's Allowed Claim equals or exceeds $10,000, BOW may convert some or all of its Allowed Claim into Common Units of Reorganized Debtor. The conversion rate shall be 1 Common Unit issued for each $1,000 of Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor. The election to convert all or a portion of an Allowed Claim to Common Units in Reorganized Debtor must be made by the Creditor at the same time it delivers its ballot accepting or rejecting Debtor's Plan.

Class 2 (Huntington Technology Finance, Inc.). Class 2 is impaired. Reorganized Debtor will retain $4,500 worth of Huntington equipment as follows: Macbook Pro: C02NR0NZG3QN, MacBook: C02NV046G9JN, Thunderbolt: SC02NJ4RYF2GC,

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and Macbook Pro: SC02PC0FXG3QN or such other or further equipment as may be agreed upon by Huntington and Debtor. All remaining Huntington collateral has been or will be surrendered to Huntington. Huntington will have a first priority lien position on the equipment retained as its collateral. Huntington will have an Allowed Secured Claim against Reorganized Debtor in the amount of $4,500 or in the event of a dispute over the value of the equipment retained by Reorganized Debtor, then the value as determined in accordance with 11 U.S.C. § 506(a). Reorganized Debtor will pay that amount in monthly payments of interest only commencing on the 15th day of the first full month following the Effective Date and continuing on the 15th day of each month thereafter for the first 12 months, and thereafter in equal amortizing monthly payments of principal and interest at 4.5% per annum or, in the event of a dispute over the applicable interest rate, at such other rate fixed by the Bankruptcy Court at confirmation, for an additional 24 months.

Alternatively, to the extent Huntington's Allowed Claim equals or exceeds $10,000, Huntington may convert some or all of its Allowed Claim into Common Units of Reorganized Debtor. The conversion rate shall be 1 Common Unit issued for each $1,000 of Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor. The election to convert all or a portion of an Allowed Claim to Common Units in Reorganized Debtor must be made by the Creditor at the same time it delivers its ballot accepting or rejecting Debtor's Plan.

Class 3 (U.S. Bank Equipment Finance). Class 3 is impaired. Reorganized Debtor will retain $3,000 worth of US Bank equipment as follows: Macbook Pro: C02NR0PEG3QN, Macbook Pro: SC02NT2N2G3QN, Macbook Pro: SC02NT26EG3QN, Thunderbolt: SC02NL1NMF2GC, and Thunderbolt: SC02NL1SFF2GC or such other or further equipment as may be agreed upon by US Bank and Debtor. All remaining US Bank collateral has been or will be surrendered to US Bank. US Bank will retain its first priority lien position on the equipment retained as its collateral. US Bank will have an Allowed

Secured Claim against Reorganized Debtor in the amount of $3,000 or in the event of a dispute over the value of the equipment retained by Reorganized Debtor, the value as determined in accordance with 11 U.S.C. § 506(a). Reorganized Debtor will pay that amount in monthly payments of interest only commencing on the 15th day of the first full month following the Effective Date and continuing on the 15th day of each month thereafter for the first 12 months, and thereafter in equal amortizing monthly payments of principal and interest at 4.5% per annum or, in the event of a dispute over the applicable interest rate, at such other rate fixed by the Bankruptcy Court at confirmation, for an additional 24 months.

Alternatively, to the extent US Bank's Allowed Claim equals or exceeds $10,000, US Bank may convert some or all of its Allowed Claim into Common Units of Reorganized Debtor. The conversion rate shall be 1 Common Unit issued for each $1,000 of Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor. The election to convert all or a portion of an Allowed Claim to Common Units in Reorganized Debtor must be made by the Creditor at the same time it delivers its ballot accepting or rejecting Debtor's Plan.

Class 4 (Data Sales Co., Inc.). Class 4 is impaired. Reorganized Debtor will retain $10,000 worth of Data Sales equipment as follows: Macbook Air 13: C02MN0L4FH00, Thunderbolt: C02MC0FWF2GC, Thunderbolt Display: C02MC0G6F2GC, Thunderbolt Display: C02MT02QF2GC, Thunderbolt Display: C02LC43SF2GC, MacBook: C02M516QFD58, Thunderbolt Display: C02MT01RF2GC, Macbook Pro 13: C02MM3G7FH00, Macbook Pro 13: C02N11UWFH00 or such other and further equipment as may be agreed upon by Data Sales and Debtor. All remaining Data Sales equipment has been or will be surrendered to Data Sales. Data Sales will have a first priority lien upon the equipment retained as its collateral. Data Sales will have an Allowed Secured Claim against Reorganized Debtor in the amount of $10,000 or in the event of a dispute over the value of the equipment retained by Reorganized Debtor, the value as determined in accordance with 11 U.S.C. § 506(a). Reorganized Debtor will pay that amount in monthly payments of interest only commencing on the 15th day of the first full month following the Effective Date and continuing on the 15th day of each month thereafter for the first 12 months, and thereafter in equal amortizing monthly payments of principal and interest at 4.5% per annum or, in the event of a dispute over the applicable interest rate, at such other rate fixed by the Bankruptcy Court at confirmation, for an additional 24 months.

Alternatively, to the extent Data Sales' Allowed Claim equals or exceeds $10,000, Data Sales may convert some or all of its Allowed Claim into Common Units of Reorganized Debtor. The conversion rate shall be 1 Common Unit issued for each $1,000 of Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor and $1,000. The election to convert all or a portion of an Allowed Claim to Common Units in Reorganized Debtor must be made by the Creditor at the same time it delivers its ballot accepting or rejecting Debtor's Plan.

Class 5 (Digital Loudoun Parkway Center, North, LLC and Collins Technology Park Partners, LLC). Class 5 is impaired. Digital/Collins assert a secured claim pursuant to an Agreement Terminating Leases with Debtor. Debtor filed adversary proceeding number 16-03145-pcm against Digital/Collins to avoid the Agreement Terminating Leases and Debtor disputes that Digital/Collins have a valid secured claim. To the extent Digital/Collins prevail in the adversary proceeding, they will receive payments from the Litigation Trust pursuant to the terms of the Agreement Terminating Leases which (a) grants Digital/Collins a security interest in and lien on Debtor's claims against Machine Zone in the Machine Zone Litigation; and (b) grants Digital/Collins a priority distribution scheme from the Machine Zone Litigation. The Digital/Collins lien, if any, in the Litigation Trust will be subordinate to the liens of the Litigation Loan and BOW. To the extent Debtor prevails in the adversary proceeding, and if Digital/Collins has an Allowed Claim, it will be treated as a Class 8 Unsecured Creditor.

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Alternatively, to the extent Digital/Collins' Allowed Claim equals or exceeds $10,000, Digital/Collins may convert some or all of its Allowed Claim into Common Units of Reorganized Debtor. The conversion rate shall be 1 Common Unit issued for each $1,000 of Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor. The election to convert all or a portion of an Allowed Claim to Common Units in Reorganized Debtor must be made by the Creditor at the same time it delivers its ballot accepting or rejecting Debtor's Plan.

Class 6 (Richardson Independent School District of Texas). Class 6 is impaired. Richardson School District shall be paid its Allowed Secured Claim in equal amortizing monthly payments of principal and interest at the annual rate of 12% or, if the applicable interest rate is in dispute, at such other rate as determined by the Bankruptcy Court, commencing on the 12th day of the first full month following the Effective Date, or the date the Claim is Allowed, over a period ending June 12, 2021.

Alternatively, to the extent Richardson School District's Allowed Claim equals or exceeds $10,000, Richardson School District may convert some or all of its Allowed Claim into Common Units of Reorganized Debtor. The conversion rate shall be 1 Common Unit issued for each $1,000 of Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor. The election to convert all or a portion of an Allowed Claim to Common Units in Reorganized Debtor must be made by the Creditor at the same time it delivers its ballot accepting or rejecting Debtor's Plan.

Class 7 (Dallas County, Texas). Class 7 is impaired. Dallas County shall be paid its Allowed Secured Claim in equal amortizing monthly payments of principal and interest at the annual rate of 12% or, if the applicable interest rate is in dispute, at such other rate as determined by the Bankruptcy Court, commencing on the 12th day of the first full month following the Effective Date, or the date the Claim is Allowed, over a period ending June 12, 2021.

Alternatively, to the extent Dallas County's Allowed Claim equals or exceeds $10,000, Dallas County may convert some or all of its Allowed Claim into Common Units of Reorganized Debtor. The conversion rate shall be 1 Common Unit issued for each $1,000 of Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor. The election to convert all or a portion of an Allowed Claim to Common Units in Reorganized Debtor must be made by the Creditor at the same time it delivers its ballot accepting or rejecting Debtor's Plan.

Class 8 (General Unsecured Claims). Class 8 is impaired. General Unsecured Claims will be paid (a) their Pro Rata share of the Unsecured Creditor Proceeds from the Litigation Trust, plus (b) their Pro Rata share of 50% of the Adjusted Net Income of Reorganized Debtor calculated over a semi-annual calendar period, with payments to be made on the 45th day following the end of each full semi-annual calendar period after the Effective Date and continuing on each February 15th and August 15th thereafter until 50% of Adjusted Net Income for eight full semi-annual calendar periods has been paid, up to the full amount of their Allowed Claims. The Class 8 Claims will accrue interest at the federal judgment rate or, in the event of a dispute over the applicable interest rate, as determined by the Bankruptcy Court.

Alternatively, to the extent a General Unsecured Creditor's Allowed Claim equals or exceeds $10,000, that General Unsecured Creditor may convert some or all of its Allowed Claim into Common Units of Reorganized Debtor. The conversion rate shall be 1 Common Unit issued for each $1,000 of Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor. The election to convert all or a portion of an Allowed Claim to Common Units in Reorganized Debtor must be made by the Creditor at the same time it delivers its ballot accepting or rejecting Debtor's Plan.

Class 9 (Administrative Convenience Claims). Class 9 is impaired. Each holder of a Class 9 Claim shall be paid a fixed sum of (a) 25% of its Allowed Claim within 9 months of the Effective Date, plus (b) its Pro Rata share, if any, of the Unsecured Creditor Proceeds from the Litigation Trust up to the full amount of its Allowed Claim with. The Class 9 Claims will accrue interest at the federal judgment rate or, in the event of a dispute over the applicable interest rate, as determined by the Bankruptcy Court.

Class 10 (Equity Security Holders). Class 10 is impaired. No existing equity Interests shall receive or retain anything in Reorganized Debtor on account of their Interests. New equity will be issued in Reorganized Debtor as set forth in Article 6 below. Interest holders are entitled to receive payment under the Litigation Trust only after all other Allowed Claims are paid in full, with interest.

Class 11 (Other Secured Claims). Class 11 is unimpaired. Debtor will surrender the equipment or other tangible collateral securing the Allowed Secured Claim of each Class 11 Creditor to that Creditor in full satisfaction of each Class 11 Creditor's Allowed Secured Claim. To the extent that a Class 11 Creditor has an Allowed Deficiency Claim, any such Claim will be treated as a Class 8 or Class 9 Claim. Any and all setoff rights of Class 11 Creditors are preserved subject to Section 553 of the Bankruptcy Code and, if applicable, in accordance with Section 2.4.2 of the Litigation Trust Agreement.

ARTICLE 5

DISPUTED CLAIMS, OBJECTIONS TO CLAIMS, SETTLEMENT

5.1 Disputed Claims; Objections to Claims; Settlement. Only Claims that are Allowed shall be entitled to distributions under the Plan. Debtor and Reorganized Debtor reserve the right to contest and object to any Claims and previously Scheduled Amounts, including, without limitation, those Claims and Scheduled Amounts that are specifically

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referenced herein; are not listed in the Schedules; are listed therein as disputed, contingent, and/or unliquidated in amount; or are listed therein at a different amount than Debtor or Reorganized Debtor currently believe is validly due and owing. Unless otherwise ordered by the Bankruptcy Court, all objections to Claims and Scheduled Amounts (other than Administrative Expense Claims of professionals) shall be Filed and served upon counsel for Debtor and the holder of the Claim objected to on or before the later of (a) 60 days after the Effective Date or (b) 60 days after the date (if any) on which a Proof of Claim is Filed in respect of a Rejection Claim or Deficiency Claim. The last day for filing objections to Administrative Expense Claims shall be set pursuant to a further order of the Bankruptcy Court. All Disputed Claims shall be resolved by the Bankruptcy Court, except to the extent that (a) Debtor may otherwise elect consistent with the Plan and the Bankruptcy Code, or (b) the Bankruptcy Court may otherwise order.

5.2 Subsequent Allowance of Disputed Claims. The holder of a Disputed Claim that becomes Allowed in full or in part subsequent to the Effective Date shall receive the distribution they would have received after the Effective Date had the Claim been Allowed at that time. Until a Disputed Claim is Allowed or disallowed, Reorganized Debtor shall hold any distribution that would have been due to the holder in respect of such Disputed Claim.

5.3 De Minimis Post-Effective Date Payments. If a Cash payment to be made to a holder of an Allowed Claim after the Effective Date would be $20 or less in the aggregate, no such payment will be made to the holder of such Claim unless and until the aggregate distribution on account of such Claim would be at least $20 at a subsequent distribution date.

ARTICLE 6

MEANS FOR EXECUTION OF PLAN

6.1 Litigation Trust. A Litigation Trust shall be established by the Litigation Trust Agreement attached hereto as **Exhibit A** or in a form substantially similar thereto as approved by the Bankruptcy Court in the Confirmation Order. Debtor shall transfer the Litigation Trust Assets to the Litigation Trust. The transfer shall be made pursuant to 11 U.S.C. §§ 1123(a)(5)(B) and 1123(b)(3)(B) of the Bankruptcy Code.

Mr. Mark Calvert shall be appointed as the initial Litigation Trustee of the Litigation Trust. The Litigation Trust Committee for the Litigation Trust shall consist of three members: Mr. Jeffery Papen, one person designated by the Litigation Loan Lender, and one person designated by the Unsecured Creditors Committee. The Litigation Trustee shall be responsible for operation and management of the Litigation Trust in consultation with, and at the direction of, the Litigation Trust Committee. The Litigation Trust is established for the sole purpose of liquidating the claims and assets assigned to it and distributing the proceeds received from the liquidation of those assets. The Litigation Trust is established for the benefit of holders of all Allowed Claims and Interests who constitute the Litigation Trust Beneficiaries. The Litigation Trust is intended to be treated as a grantor trust for federal income tax purposes and intended to qualify as a liquidating trust within the meaning of Treasury Regulation § 301.7701-4.d. The Litigation Proceeds shall be used to pay the expenses of the Litigation Trust, including, but not limited to, the costs and expenses of the Litigation Trust, and then to pay Allowed Claims, with payment first going to Allowed Secured Claims in order of priority, then any unpaid Administrative Expense Claims, then Priority Tax Claims, then Allowed Unsecured Claims, including Allowed Administrative Convenience Claims, until all Allowed Claims have been paid in full, with interest, and then any remaining proceeds shall be distributed to the holders of the Interests in Debtor.

6.2 Reorganized Debtor. Reorganized Debtor shall be comprised of the post-confirmation operating company which will consist of all remaining assets of Debtor not transferred to the Litigation Trust. Reorganized Debtor shall continue to operate and make payments to Creditors as described in this Plan.

6.3 New Equity in Reorganized Debtor. On the Effective Date, all existing equity Interests will be deemed canceled in Reorganized Debtor. Reorganized Debtor will issue new equity in the form of Series A Preferred Units and new Common Units. The Operating Loan Lender will be issued 500,000 Series A Preferred Units of Reorganized Debtor in full satisfaction of the Operating Loan. Reorganized Debtor's President, Mr. Jon Billow, will be issued 500 Common Units in Reorganized Debtor. Other Creditors with Allowed Claims have the option to convert their debt into Common Units of Reorganized Debtor. The conversion rate shall be 1 Common Unit issued in Reorganized Debtor for each $1,000 of Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor. Creditors may elect to convert all or a portion of their Allowed Claim subject to the minimum conversion requirement of $10,000 for 10 units. THE ELECTION TO CONVERT ALL OR A PORTION OF AN ALLOWED CLAIM TO COMMON UNITS IN REORGANIZED DEBTOR MUST BE MADE BY THE CREDITOR AT THE TIME IT DELIVERS ITS BALLOT ACCEPTING OR REJECTING DEBTOR'S PLAN. If a Creditor elects to convert its Allowed Claim from debt to equity in Reorganized Debtor, then the Creditor will no longer be entitled to any distributions from the Litigation Trust and will not receive debt payments from Reorganized Debtor on account of the Claim amount converted to equity.

6.4 Restated Operating Agreement. Upon the Effective Date, Reorganized Debtor shall adopt the Amended and Restated Limited Liability Company Agreement of Peak Web LLC (the "LLC Agreement") substantially in the form attached hereto as **Exhibit B**. The rights, preferences, and privileges of Series A Preferred Unit and Common Unit holders are set out in the LLC Agreement. After the Effective Date, Reorganized Debtor may further amend the LLC Agreement in accordance with its terms and applicable state law, provided it is consistent with the Plan as set forth in the Confirmation Order.

6.5 Setoffs. Debtor may, but shall not be required to, set off against any Claim and the distributions to be made pursuant to the Plan in respect of such Claim, any claims of any nature whatsoever that Debtor may have against the holder of such Claim, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release of any such claim Debtor may have against such holder.

6.6 Corporate Action. Upon entry of the Confirmation Order, all actions contemplated by the Plan shall be authorized and approved by Peak in all respects (subject to the provisions of the Plan), including, without limitation, the execution, delivery, and performance of all documents and agreements relating to the Plan, including the Litigation Trust Agreement. Upon entry of the Confirmation Order, the appropriate officers of Debtor are authorized and directed to execute and deliver the agreements, documents, and instruments contemplated by the Plan, including the Litigation Trust Agreement, in the name of and on behalf of Debtor.

6.7 Event of Default; Remedy. Any material failure by Reorganized Debtor to perform any term of this Plan, which failure continues for a period of 30 days following receipt by Reorganized Debtor of written notice of such default from the holder of an Allowed Claim to whom performance is due, shall constitute an event of Default. Upon the occurrence of an Event of Default, the holder of an Allowed Claim to whom performance is due shall have all rights and remedies granted by law, this Plan, or any agreement between the holder of such Claim and Debtor or Reorganized Debtor. An Event of Default with respect to one Claim shall not be an Event of Default with respect to any other Claim.

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6.8 Conditions Precedent to Effectiveness of Plan. Unless waived by Debtor, the following conditions must occur and be satisfied for the Plan to become effective, and are conditions precedent to the Effective Date:

6.8.1 The Bankruptcy Court shall have entered the Confirmation Order, in form and substance reasonably satisfactory to Debtor, which shall, among other things, provide that any and all executory contracts and unexpired leases assumed pursuant to the Plan shall remain in full force and effect for the benefit of Reorganized Debtor notwithstanding any provision in any such contract or lease, or in applicable law (including those described in Sections 365(b)(2) and (f) of the Bankruptcy Code) that prohibits, restricts, or conditions such transfer, or that enables or requires termination or modification of such contract or lease; and

6.8.2 All documents, instruments, and agreements, including, but not limited, to the Litigation Trust Agreement, each in form and substance satisfactory to Debtor, provided for or necessary to implement this Plan, shall have been executed and delivered by the parties thereto, unless such execution or delivery has been waived by the party to be benefitted thereby.

ARTICLE 7

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

7.1 Assumption and Rejection. Except as may otherwise be provided, all executory contracts of Debtor that are not assumed herein or otherwise subject to a prior Bankruptcy Court order or pending motion before the Bankruptcy Court, are rejected by Debtor. Reorganized Debtor shall promptly pay all amounts required under Section 365 of the Bankruptcy Code to cure any defaults for executory contracts and unexpired leases being assumed and shall perform its obligations from and after the Effective Date in the ordinary course of business. Notwithstanding the above, all of Debtor's managed hosting and consulting contracts in existence on the Effective Date shall be assumed.

7.2 Assignment. Except as may be otherwise provided in this Plan, the Confirmation Order, or other Order of the Bankruptcy Court, all executory contracts that Debtor assumed shall be deemed assigned to Reorganized Debtor as of the Effective Date. The Confirmation Order shall constitute an order authorizing such assignment of assumed executory contracts, and no further assignment documentation shall be necessary to effectuate such assignment.

7.3 Rejection Claims. Except as previously ordered by the Bankruptcy Court, any other Rejection Claims must be Filed no later than 30 days after entry of the order rejecting the executory contract or unexpired lease, or 30 days after entry of the Confirmation Order, whichever is sooner. Any such Rejection Claim not Filed within such time shall be forever barred from asserting such Claim against Debtor, Reorganized Debtor, their property, estate, and any guarantors of such obligations. Each Rejection Claim resulting from such rejection shall constitute a General Unsecured Claim or Administrative Convenience Claim.

ARTICLE 8

EFFECT OF CONFIRMATION

8.1 Debtor's Injunction. The effect of confirmation shall be as set forth in Section 1141 of the Bankruptcy Code. Except as otherwise provided in the Plan, prior order of the Bankruptcy Court, or in the Confirmation Order, confirmation of the Plan shall act as a permanent injunction applicable to entities against (a) the commencement or continuation, including the issuance or employment of process, of a judicial, administrative, or other action or proceeding of any kind against Debtor or Reorganized Debtor that was or could have been commenced before the entry of the Confirmation Order; (b) the enforcement, attachment, collection, or recovery against Reorganized Debtor, the Litigation Trust, or their respective assets of any judgment, award, decree, or order obtained before the Petition Date; and (c) any act to obtain possession of or to exercise control over, or to create, perfect, or enforce a lien upon, all or any part of the assets of Reorganized Debtor or the Litigation Trust; (d) asserting any setoff, right of subrogation or recoupment of any kind against any obligation due to Debtor, Reorganized Debtor, or its property; and (e) proceeding in any manner in any place whatsoever that does not conform to, does not comply with, or is inconsistent with the provisions of the Plan or the Confirmation Order. Neither the injunction nor any provision of the Plan prohibits or otherwise affects Machine Zone's right to prosecute or defend against the consolidated Machine Zone Litigation or to set off any Allowed Claim of Machine Zone against any claim of the Debtor, Reorganized Debtor, or the Litigation Trust.

ARTICLE 9

RETENTION OF JURISDICTION

9.1 Notwithstanding entry of the Confirmation Order or the Effective Date having occurred, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of or relating to this Chapter 11 Case pursuant to and for the purposes set forth in Section 1127(b) of the Bankruptcy Code to:

9.1.1 classify the Claim or Interest of any Creditor or Interests, reexamine Claims or Interests that have been owed for voting purposes, and determine any objections that may be Filed to Claims or Interests;

9.1.2 determine requests for payment of Claims entitled to priority under Section 507(a) of the Bankruptcy Code, including compensation and reimbursement of expenses in favor of professionals employed at the expense of the bankruptcy estate;

9.1.3 avoid transfers or obligations to subordinate Claims under Chapter 5 of the Bankruptcy Code;

9.1.4 approve the assumption, assignment, or rejection of an executory contract or an unexpired lease pursuant to this Plan;

9.1.5 resolve controversies and disputes arising in connection with the interpretation, implementation, or enforcement of this Plan;

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9.1.6 implement the provisions of this Plan and enter orders in aid of confirmation and/or the discharge, or the effect of such discharge, provided to Debtor;

9.1.7 determine the validity, priority, or extent of any Claims or Claims of lien;

9.1.8 adjudicate adversary proceedings, applications, contested matters, or other litigation matters pending on the Effective Date or hereafter commenced in this Bankruptcy Case;

9.1.9 order and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated;

9.1.10 hear and determine any applications to modify the Plan, to cure any defect or omission, or to reconcile any inconsistency in the Plan or related documents, or in any order of the Bankruptcy Court, including the Confirmation Order;

9.1.11 ensure that distributions to holders of Allowed Claims are accomplished as provided herein;

9.1.12 hear and determine any issue arising out of or related to the Litigation Trust, and any issues presented as arising under the Litigation Trust Agreement;

9.1.13 hear and determine objections to or requests for estimations of Claims, including any objections to the classification of any Claim, and to allow, disallow, and/or estimate any Claim in whole or in part;

9.1.14 hear and determine any other matters related hereto and not inconsistent with Chapter 11 of the Bankruptcy Code; and

9.1.15 enter a final decree closing this Bankruptcy Case.

ARTICLE 10

ADMINISTRATIVE PROVISIONS

10.1 Modification of the Plan. Debtor may alter, amend, or modify the Plan pursuant to Section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 at any time prior to the time the Bankruptcy Court has signed the Confirmation Order. After such time, and prior to substantial consummation of the Plan, Reorganized Debtor may, so long as the treatment of holders of Claims and Equity Security under the Plan is not adversely affected, institute proceedings in Bankruptcy Court to remedy any defect or omission, or to reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, and any other matters as may be necessary to carry out the purposes and effects of the Plan; provided, however, that prior notice of such proceedings shall be served in accordance with Bankruptcy Rule 2002.

10.2 Revocation or Withdrawal of Plan

10.2.1 Right to Revoke. Debtor reserves the right to revoke or withdraw the Plan at any time prior to the Effective Date.

10.2.2 Effect of Withdrawal or Revocation. If Debtor revokes or withdraws the Plan prior to the Effective Date, then the Plan shall be deemed null and void. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any claims by or against Debtor or any other Entity, or to prejudice in any manner the rights of Debtor or any Entity in any further proceeding involving Debtor.

10.3 Nonconsensual Confirmation. Debtor shall request that the Bankruptcy Court confirm the Plan pursuant to Section 1129(b) of the Bankruptcy Code if the requirements of all provisions of Section 1129(a) of the Bankruptcy Code, except Subsection 1129(a)(8), are met.

ARTICLE 11

MISCELLANEOUS PROVISIONS

11.1 Revesting. Except for the Trust Assets transferred to the Litigation Trust and as otherwise expressly provided herein, on the Effective Date all remaining property and assets of the estate of Debtor shall revest in Reorganized Debtor free and clear of all claims, liens, encumbrances, charges, and other interests of Creditors arising on or before the Effective Date, and Reorganized Debtor may operate, from and after the Effective Date, free of any restrictions imposed by the Bankruptcy Code or the Bankruptcy Court.

11.2 Cancellation of Documents Evidencing Unsecured Claims. As of the Effective Date (subject to resolution of any objection to the Claim if a Disputed Claim), any note, agreement, instrument, judgment, or other document evidencing an Unsecured Claim in any Class shall be deemed cancelled, null, and void, except for the right, if any, to receive distributions under this Plan; provided, however, that nothing herein shall affect the liability of any Entity other than Debtor on, or the property of any Entity other than Debtor for, such Claim.

11.3 Rights of Action. Except as otherwise expressly provided herein, any claims, rights, interests, causes of action, defenses, counterclaims, crossclaims, third-party claims, or rights of offset, recoupment, subrogation, or subordination, including, without limitation, claims under Section 550(a) of the Bankruptcy Code or any of the sections referenced therein (including, without limitation, any and all Avoidance Actions) accruing to Debtor, shall remain assets of Reorganized Debtor. Reorganized Debtor may pursue such rights of action, as appropriate, in accordance with its best interests and for its benefit.

11.4 Governing Law. Except to the extent the Bankruptcy Code, the Bankruptcy Rules, or other federal laws are applicable, the laws of the State of Oregon shall govern the construction and implementation of the Plan, and all rights and obligations arising under the Plan.

11.5 Withholding and Reporting Requirements. In connection with the Plan and all instruments issued in connection therewith and distributions thereon, Debtor and Reorganized Debtor shall comply with all withholding, reporting, certification, and information requirements imposed by any federal, state, local, or foreign taxing authorities, and all distributions hereunder shall, to the extent applicable, be subject to any such withholding, reporting, certification, and information requirements. As soon as practicable after the Effective Date, the Trustee of the Litigation Trust will determine and report the value of the Litigation Trust Assets and the portion of such value allocable to each beneficiary of the Litigation Trust. All parties to and beneficiaries of the Litigation Trust must consistently use such valuation for all U.S. federal income tax purposes. Entities entitled to receive distributions hereunder shall, as a condition to receiving such distributions, provide such information and take such steps as Reorganized Debtor may reasonably require to ensure compliance with such withholding and reporting requirements, and to enable Reorganized Debtor to obtain the certifications and information as may be necessary or appropriate to satisfy the provisions of any tax law.

Reorganized Debtor shall provide the Unsecured Creditors Committee's designee on the Litigation Trust Committee and any other Creditors with Allowed Claims or Claims with pending objections who so requests, a semi-annual financial report sufficiently detailed to report Reorganized Debtor's operating results and identify the calculation of the amounts distributed to Creditors.

11.6 Time. Unless otherwise specified herein, in computing any period of time prescribed or allowed by the Plan, the day of the act or event from which the designated period begins to run shall not be included. The last day of the period so computed shall be included, unless it is not a Business Day, in which event the period runs until the end of the next succeeding day that is a Business Day.

11.7 Section 1146(c) Exemption. Pursuant to Section 1146(c) of the Bankruptcy Code, the issuance, transfer, or exchange of any security under the Plan; or the execution, delivery, or recording of an instrument of transfer pursuant to, in implementation of, or as contemplated by the Plan; or the revesting, transfer, or sale of any real property of Debtor or Reorganized Debtor pursuant to, in implementation of, or as contemplated by the Plan; shall not be taxed under any state or local law imposing a stamp tax, transfer tax, or similar tax or fee. Consistent with the foregoing, each recorder of deeds or similar official

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for any city, county, or governmental unit in which any instrument hereunder is to be recorded shall, pursuant to the Confirmation Order, be ordered and directed to accept such instrument without requiring the payment of any documentary stamp tax, deed stamps, transfer tax, intangible tax, or similar tax.

11.8 Severability. In the event any provision of the Plan is determined to be unenforceable, such determination shall not limit or affect the enforceability and operative effect of any other provisions of the Plan. To the extent any provision of the Plan would, by its inclusion in the Plan, prevent or preclude the Bankruptcy Court from entering the Confirmation Order, the Bankruptcy Court, on the request of Debtor, may modify or amend such provision, in whole or in part, as necessary to cure any defect or remove any impediment to confirmation of the Plan existing by reason of such provision.

11.9 Binding Effect. The provisions of the Plan shall bind Debtor, Reorganized Debtor, and all Creditors and Equity Security Holders, and their respective successors, heirs, and assigns.

11.10 Retiree Benefits. On or after the Effective Date, to the extent required by Section 1129(a)(13) of the Bankruptcy Code, Reorganized Debtor shall continue to pay all retiree benefits (if any) as that term is defined in Section 1114 of the Bankruptcy Code, maintained or established by Debtor prior to the Effective Date, without prejudice to Reorganized Debtor's rights under applicable non-bankruptcy law to modify, amend, or terminate the foregoing arrangements.

11.11 Recordable Order. The Confirmation Order shall be deemed to be in recordable form, and shall be accepted by any recording officer for filing and recording purposes without further or additional orders, certifications, or other supporting documents.

11.12 Plan Controls. In the event and to the extent that any provision of the Plan is inconsistent with the provisions of the Disclosure Statement, or any other instrument or agreement contemplated to be executed pursuant to the Plan, the provisions of the Plan shall control and take precedence.

11.13 Effectuating Documents and Further Transactions. Debtor and Reorganized Debtor shall execute, deliver, file, or record such contracts, instruments, assignments, and other agreements or documents, and take or direct such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan.

11.14 Timing of Actions. Notwithstanding anything to the contrary herein, any action required by the Plan to be taken on the Effective Date shall be made or taken on the Effective Date or as soon as practical thereafter, but in any event within 20 days of the Effective Date.

DATED this ~~31st~~ 10th day of ~~January~~February, 2017.

PEAK WEB LLC

By */s/ Jeffrey Papen*
Jeffrey Papen, CEO

Presented by:

TONKON TORP LLP

By */s/ Timothy J. Conway*
Timothy J. Conway, OSB No. 851752
Ava L. Schoen, OSB No. 044072
Attorneys for Peak Web LLC

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PEAK WEB LITIGATION TRUST AGREEMENT

This Litigation Trust Agreement (the "Agreement") dated as of ______________, 2017 is established by Peak Web LLC ("Grantor," "Peak," or "Debtor") and Mark Calvert, solely in his capacity as the Peak Web Litigation Trustee (and any successors) ("Litigation Trustee") and is executed in connection with and pursuant to the terms of Debtor's Plan of Reorganization (October 11, 2016), as amended or modified (the "Plan"), filed in the United States Bankruptcy Court for the District of Oregon as Case No. 16-32311-pcm11 (the "Chapter 11 Case").

This Agreement is executed in order to establish a litigation trust (the "Litigation Trust") in connection with Peak's Plan of Reorganization confirmed by the Bankruptcy Court.

On June 13, 2016, Debtor filed its voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code ("Petition Date").

On ________________, 2017, the Bankruptcy Court entered an order confirming Debtor's Plan (the "Confirmation Order").

The Plan provides, among other things, that on the Effective Date, certain assets shall be deemed transferred and assigned to this Litigation Trust to be administered by the Litigation Trustee in accordance herewith. This Litigation Trust is created pursuant to, and to effectuate, certain provisions of the Plan and Confirmation Order pursuant to which the Litigation Trustee will hold the Litigation Trust Assets as contemplated by the Agreement, the Plan, and the Confirmation Order.

This Litigation Trust is established for the sole purpose of liquidating and distributing Litigation Trust Assets pursuant to the Plan and the terms of this Agreement with no objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, the liquidating purpose of this Litigation Trust.

The Litigation Trust is established for the benefit of holders of all Allowed Claims and Interests, as those terms are defined in the Plan (individually, a "Litigation Trust Beneficiary" and collectively, the "Litigation Trust Beneficiaries") (i) to pursue all Litigation Trust Claims, and (ii) to liquidate and distribute Litigation Trust Assets.

The Litigation Trustee was duly appointed as a representative of Peak pursuant to Section 1123(a)(5), (a)(7), and (b)(3)(B) of the Bankruptcy Code.

The Litigation Trust is intended to be treated as a grantor trust for federal income tax purposes. The Litigation Trust is intended to qualify as a liquidating trust within the meaning of Treasury Regulations section 301.7701-4(d).

NOW, THEREFORE, in consideration of the premises and agreements contained herein, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

Unless otherwise defined herein, all capitalized terms used in this Agreement shall have the meanings assigned to them in the Plan or in the Bankruptcy Code (as in effect on the date hereof). If there is any discrepancy between a definition herein and a definition in the Plan, the definition in the Plan shall govern.

1.1 "**Beneficiaries**" means the holders of Allowed Claims and Interests, as defined in the Plan.

1.2 "**Litigation Trustee**" means Mark Calvert solely in his capacity as the Peak Web Litigation Trustee and any successor or replacement duly appointed and acting in the capacity of Litigation Trustee as provided in Article VIII of this Agreement.

1.3 "**Litigation Trust**" means the Peak Web Litigation Trust established by the Plan set forth in this Agreement.

1.4 "**Litigation Trust Assets**" means (i) Peak's claims against Machine Zone in *Peak Web LLC v. Machine Zone, Inc., Epic War LLC and Does 1 through 10, inclusive,* Santa Clara County Superior Court Case No. 1-15-cv-288681 and all other claims Debtor may have arising out of or related to any of the facts, circumstances, events, or issues raised therein against Machine Zone, Inc., Epic War LLC, and Does 1 through 10 inclusive; (ii) any and all other claims or causes of action in any way related to or arising out of the same or similar facts, circumstances, events, or issues described therein whether against Machine Zone, Epic War, or any other party, whether or not that party is or may become a party to the above-captioned litigation or another action that may be subsequently filed; (iii) all Debtor's intellectual property rights and trade secrets; (iv) any and all avoidance or recovery claims of Debtor's bankruptcy estate under Chapter 5 of the Bankruptcy Code; and (v) any other claims or assets transferred to the Litigation Trust pursuant to the Plan, Confirmation Order, or this Agreement, and any income, proceeds, profits, revenue, or assets generated therefrom.

1.5 "**Litigation Counsel**" means the firms of Susman Godfrey LLP, Ropers Majeski Kohn Bentley PC, and any other counsel retained to represent the interests of the Litigation Trust with respect to any Litigation Trust Assets.

ARTICLE II
ESTABLISHMENT, PURPOSE AND FUNDING OF THE LITIGATION TRUST

2.1 Creation and Name. There is hereby created the Peak Web Litigation Trust, which is referred to in Article VI of the Plan. The Litigation Trustee may conduct the affairs of the Litigation Trust under the name of the "Peak Web Litigation Trust."

2.2 Declaration of Trust. In order to declare the terms contained herein, and in consideration of the confirmation of the Plan, Debtor and the Litigation Trustee have executed this Agreement for the purpose of creating the Litigation Trust.

2.3 Purpose of Peak Web Litigation Trust. The Grantor and the Litigation Trustee, pursuant to the Plan and in accordance with the Bankruptcy Code, hereby create this Litigation Trust for the purpose of prosecuting or otherwise liquidating and distributing the Litigation Trust Assets in accordance with Treasury Regulation section 301.7701-4(d) and Revenue Procedure 94-45, 1994-28 I.R.B.124 (July 11, 1994) ("Revenue Procedure 94-45") (or any subsequent Revenue Procedures that may be issued relating to liquidating trusts). In particular, this includes: reviewing, litigating, settling, dismissing, or releasing Peak's claims against Machine Zone in *Peak Web LLC v. Machine Zone, Inc., Epic War LLC and Does 1 through 10, inclusive,* Santa Clara County Superior Court Case No. 1-15-cv-288681 and any and all other claims or causes of action constituting a Litigation Trust Asset, and distributing the proceeds of any recoveries therefrom in accordance with this Agreement and the Plan. The activities of the Litigation Trust shall be limited to those activities set forth herein and as otherwise contemplated by the Plan. The Litigation Trustee understands and agrees that the Litigation Trust has no objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Litigation Trust.

2.4 Transfer of Litigation Trust Asset; Taxation

2.4.1 Pursuant to the Plan, which is incorporated by reference herein, the Grantor and the Litigation Trustee hereby establish, for the benefit of the Beneficiaries of the Litigation Trust, and the Grantor hereby grants, releases, assigns, conveys, transfers and delivers, on behalf of the Beneficiaries, the Litigation Trust Assets to the Litigation Trustee as of the Effective Date, in trust for the benefit of the Beneficiaries for the uses and purposes as specified in this Agreement and the Plan as well as all respective rights, title, and interest in and to any lawyer-client privilege, work product privilege, or other privilege or immunity attaching to documents or communications (whether written or oral) associated with the Litigation Trust Assets, all of which shall, and shall be deemed to, vest in the Litigation Trust for the benefit of the Litigation Trust Beneficiaries. The Grantor shall from time to time execute and deliver or cause to be executed and delivered all such documents (in recordable form where necessary or appropriate) and the Grantor shall take or cause to be taken such further action as the Litigation Trustee may reasonably deem necessary or appropriate, to vest or perfect in or confirm to the Litigation Trustee title to and possession of the Litigation Trust Assets in the Litigation Trust.

2.4.2 The Litigation Trust shall hold legal title to the Litigation Trust Assets. Following transfer, Debtor shall have no interest in or with respect to the Litigation Trust Assets. Notwithstanding the foregoing, for purposes of Section 553 of the Bankruptcy Code, the transfer of the Litigation Trust Assets to the Litigation Trust shall not affect the mutuality of obligations which otherwise may have existed prior to the effectuation of such transfer. The transfer of the Litigation Trust Assets to the Litigation Trust does not diminish, and fully preserves, any defenses a defendant would have if such Litigation Trust Assets had been retained by Debtor. The Litigation entitled *Machine Zone, Inc. v. Peak Web LLC*, Santa Clara County Superior Court Case No. 1-15-cv-288498 is not a Litigation Trust Asset, but all such rights of plaintiff therein to offset any claims it may have are preserved.

2.4.3 The Litigation Trustee shall have the sole authority and standing to bring all claims transferred to the Litigation Trust as Litigation Trust Assets, including the pending claims in the Machine Zone Litigation, and any other claims included as a Litigation Trust Asset against any other person identified by the Litigation Trustee. To the extent any Litigation Trust Assets cannot be transferred to the Litigation Trust because of a restriction on transferability under applicable non-bankruptcy law that is not superseded or preempted by Section 1123 of the Bankruptcy Code, or any other provisions of the Bankruptcy Code, such Litigation Trust Assets shall be deemed to have been retained by Reorganized Debtor and the Litigation Trustee shall be deemed to have been designated as the exclusive representative of Reorganized Debtor pursuant to Section 1123(b)(3)(B) of the Bankruptcy Code to enforce and pursue such Litigation Trust Assets on behalf of Reorganized Debtor and all proceeds, income, and recoveries on account of any such Litigation Trust Assets shall be assets of the Litigation Trust and paid over thereto immediately upon receipt by Reorganized Debtor or any other person.

2.4.4 For all federal, state and local tax purposes, it is intended that the Litigation Trust be classified as a liquidating trust under Treasury Regulations section 301.7701-4(d) and as a grantor trust subject to the provisions of Subchapter J, Subpart E of the Internal Revenue Code that is owned by the Beneficiaries as grantors. Accordingly, the Grantor, the Beneficiaries, and the Litigation Trustee shall treat the formation of the Litigation Trust as if each Beneficiary had received a distribution of an undivided interest in the Litigation Trust Assets from the Grantor and then contributed such interests to the Litigation Trust. The Litigation Trustee shall operate and maintain the Litigation Trust in compliance with the guidelines for liquidating trusts and grantor trusts as set forth in Internal Revenue Service Revenue Procedure 94-45 and Treasury Regulations sections 1.671-4(a) and 301.7701-4(d) and all subsequent guidelines regarding liquidating trusts and grantor trusts issued by the Internal Revenue Service. The Litigation Trustee shall treat all Litigation Trust income as subject to tax on a current basis. Each Beneficiary shall report its share of the net income of the Litigation Trust and pay any tax owing thereon on a current basis. The Litigation Trust Assets shall be valued consistently by the Litigation Trustee, and the valuations shall be used for all federal, state and local income tax purposes.

ARTICLE III
LITIGATION TRUST COMMITTEE

3.1 Litigation Trust Committee. A three-member Litigation Trust Committee shall be established. The initial members of the Litigation Trust Committee shall be (1) Mr. Jeffrey Papen, (2) a designee appointed by the Litigation Loan Lender, and (3) a representative appointed by the Unsecured Creditors' Committee. The Litigation Trust Committee shall make certain determinations, in accordance with this Agreement and the Plan. Except as otherwise set forth herein, approval of a majority of the members of such Litigation Trust Committee shall be required for the Litigation Trust Committee to act, provided that the Litigation Trust Committee may delegate responsibility for discrete issues or decisions to one or more of its members. The Litigation Trust Committee shall have the rights and powers set forth herein.

3.2 Resignation/Replacement of Member of Litigation Trust Committee. In the event that a member of the Litigation Trust Committee can no longer carry out his or her duties as a member of such committee (by reason of death, resignation or disability), the entity on whose behalf the representative was appointed may appoint a successor. In the event no such successor is appointed by the entity on whose behalf the representative was appointed within thirty (30) days, the Litigation Trustee shall petition the Bankruptcy Court to appoint a successor.

3.3 Confidentiality. Each member of the Litigation Trust Committee shall, while serving as a member of the Litigation Trust Committee under this Agreement and at all times thereafter, hold strictly confidential and not use for personal gain any material, non-public information of or pertaining to any entity to which any of the Litigation Trust Assets relate or of which he or she has become aware in his/her capacity as a member of the Litigation Trust Committee. The attorney-client, work product, and all other applicable privileges shall apply to communications with the Litigation Trust Committee and Litigation Counsel. Notwithstanding the foregoing, any member of the Litigation Trust Committee may disclose confidential information to the Bankruptcy Court, provided that such information shall be filed under seal to the extent necessary to protect it from disclosure.

3.4 Seeking Relief from the Bankruptcy Court. The Bankruptcy Court shall have exclusive jurisdiction to review the actions of the Litigation Trustee and the Litigation Trust Committee. If the Litigation Trustee or any member of the Litigation Trust Committee disputes any decision made by the Litigation Trustee or the Litigation Trust Committee, or if any member of the Litigation Trust Committee disputes any proposed action or omission by the Litigation Trustee, the disputing party may apply to the Bankruptcy Court for relief from the decision or the proposed action or omission, in which case the Bankruptcy Court may grant such relief as it deems to be appropriate in the circumstances, including reversing or modifying the decision or the proposed action or omission, and the Bankruptcy Court's determination shall be binding on the Litigation Trustee and the Litigation Trust Committee.

ARTICLE IV
ADMINISTRATION OF THE LITIGATION TRUST

4.1 Rights, Powers and Privileges. In connection with the administration of the Litigation Trust, except as set forth in this Agreement, the Litigation Trustee, in consultation with the Litigation Trust Committee is authorized to perform, any and all acts necessary or desirable to accomplish the purposes of the Litigation Trust, including prosecuting or otherwise liquidating and distributing the Litigation Trust Assets in accordance with Treasury Regulation section 301.7701-4(d). This includes: (i) reviewing, litigating, settling, dismissing, or releasing the claims transferred herein to the Litigation Trust, and (ii) distributing the proceeds of any of the Litigation Trust Assets in accordance with this Agreement and the Plan. In connection therewith, and subject to the limitations of Sections 3.4 and 4.4 hereof, the Litigation Trustee, in consultation with the Litigation Trust Committee, shall have discretion to pursue or not to pursue any and all claims, rights or causes of action, as he or she determines are in the best interests of the Beneficiaries and consistent with the purposes of the Litigation Trust, and shall have no liability for the outcome of his or her decision absent gross negligence, recklessness, fraud or willful misconduct. Without any limitation other than the limitations in this Agreement, the Litigation Trustee, in consultation with the Litigation Trust Committee, shall be expressly authorized, but shall not be required, to take the following actions which the Litigation Trustee, in his/her reasonable discretion, deems necessary or appropriate to fulfill the purpose of the Litigation Trust:

4.1.1 calculate and implement all distributions from the Litigation Trust in accordance with this Agreement and the Plan;

4.1.2 file all required tax returns and pay taxes and all other obligations on behalf of the Litigation Trust from funds held by the Litigation Trust, subject to limitations set forth herein and in the Plan;

4.1.3 periodically report to the Beneficiaries of the Litigation Trust as frequently as the Litigation Trustee reasonably believes is appropriate;

4.1.4 distribute the assets of the Litigation Trust in accordance with the provisions of this Agreement and the Plan;

4.1.5 retain and pay on a contingency fee basis (or normal and customary rates) professionals in connection with the Litigation Trustee's duties, subject to the limitations set forth herein and in the Plan (provided that the existing fee arrangements of Litigation Counsel shall not be modified unless approved by the Bankruptcy Court);

4.1.6 after consultation with and obtaining approval from the Litigation Trust Committee, analyze the Litigation Trust assets and decide whether to abandon, pursue, litigate, or settle such claims;

4.1.7 hold legal title to any and all rights of the Grantor and the Beneficiaries in or arising from the Litigation Trust assets;

4.1.8 protect and enforce the rights to the Litigation Trust assets vested in the Litigation Trustee by this Agreement and the Plan by any method deemed appropriate including, without limitation, by judicial proceedings or otherwise;

4.1.9 after consultation with and obtaining approval from the Litigation Trust Committee, compromise, adjust, arbitrate, sue on or defend, abandon, or otherwise deal with and settle, in accordance with the terms of this Agreement; claims in favor of or against the Litigation Trust;

4.1.10 determine and satisfy any and all liabilities created or incurred by the Litigation Trust;

4.1.11 request any appropriate tax determination with respect to the Litigation Trust;

4.1.12 in reliance upon the official claims register maintained in the Chapter 11 Case, maintain on the Litigation Trustee's books and records, a register evidencing the beneficial interest herein held by each Beneficiary;

4.1.13 open and maintain bank accounts on behalf of or in the name of the Litigation Trust;

4.1.14 make all tax withholdings, file tax information returns, make tax elections by and on behalf of the Litigation Trust and file returns for the Litigation Trust as appropriate;

4.1.15 send to each Beneficiary a separate statement stating the Beneficiary's share of income, gain, loss, deduction or credit;

4.1.16 establish such reserves for taxes, assessments, Litigation Trustee's fees and professional fees and other expenses of administration of the Litigation Trust as may be necessary and appropriate for the proper operation of matters incident to the Litigation Trust, subject to the limitations set forth herein and in the Plan;

4.1.17 pay all expenses and make all other payments relating to the Litigation Trust Assets, subject to the limitations set forth herein and in the Plan;

4.1.18 retain and pay third parties pursuant to Section 4.2 hereof;

4.1.19 obtain insurance coverage or a bond with respect to the liabilities and obligations of the Litigation Trustee and the members of the Litigation Trust Committee under this Agreement (in the form of an errors and omissions policy or otherwise);

4.1.20 make distributions in accordance with the terms hereof;

4.1.21 exercise all powers provided under the Plan to the Litigation Trustee;

4.1.22 invest any monies held as part of the Litigation Trust Assets in accordance with the terms of Section 4.3 hereof; and

4.1.23 terminate the Litigation Trust consistent with the terms of this Agreement and the Plan; and

4.1.24 such other responsibilities as may be vested in the Litigation Trustee pursuant to this Agreement, the Plan or the Confirmation Order, or as may be necessary and proper to carry out the provisions of the Plan.

The Litigation Trustee shall consult with, and obtain approval from, the Litigation Trust Committee prior to the actions described above or, in the absence of such approval, obtain an order of the Bankruptcy Court approving such transaction.

4.2 Agents and Professionals. The representation agreement entered on or about June 30, 2016 by and between Susman Godfrey LLP and Peak, as approved by the Bankruptcy Court pursuant to the Order Granting Debtor's Amended Application for Order to Employ Susman Godfrey LLP As Special Purpose Counsel pursuant to 11 U.S.C. § 328 [ECF No. 154] is hereby transferred to the Litigation Trust which shall be bound thereby and the Litigation Trust shall be substituted for Debtor with respect to all terms and conditions of the agreement. The Litigation Trustee and the Litigation Trust Committee may, but shall not be required to, consult with and retain any other attorneys, accountants, appraisers, or other parties deemed by the Litigation Trustee to have qualifications necessary to assist in the proper administration of the Litigation Trust. The Litigation Trustee may pay the reasonable salaries, fees and expenses of such persons (including himself/herself), including contingency fees, out of the Litigation Trust Assets, subject to the provisions of Section 8.8 hereof and the Plan.

4.3 Investment and Safekeeping of Litigation Trust Assets. Except as otherwise set forth in the Plan, all monies and other Litigation Trust Assets received by the Litigation Trustee shall, until distributed or paid over as herein provided, be held in the Litigation Trust for the benefit of the Beneficiaries. The Litigation Trustee shall be under no liability for interest or producing income on any monies received by the Litigation Trust and held for distribution or payment to the Beneficiaries, except as such interest shall be actually received by the Litigation Trustee. Investments of any monies held by the Litigation Trustee shall be administered in view of the manner in which individuals of ordinary prudence, discretion and judgment would act in the management of their own affairs; *provided, however*, that the right and power of the Litigation Trustee to invest monies held by the Litigation Trust or any income earned by the Litigation Trust shall be limited to the right and power to invest such monies, pending periodic distributions in accordance with the terms hereof and the Plan. For the removal of doubt, the investment powers of the Litigation Trustee, other than those reasonably necessary to maintain the value of the Litigation Trust Assets and the liquidating purpose of the Litigation Trust, are limited to powers to invest in demand and time deposits, such as short-term certificates of deposits, in banks or other savings institutions, or other temporary, liquid investments, such as treasury bills.

4.4 Limitations on Litigation Trustee. On behalf of the Litigation Trust or the Beneficiaries, the Litigation Trustee shall not at any time: (i) enter into or engage in any trade or business (other than the management and disposition of the Litigation Trust Assets), and no part of the Litigation Trust Assets or the proceeds, revenue or income therefrom shall be used or disposed of by the Litigation Trust in furtherance of any trade or business, or (ii) except as provided herein, reinvest any Litigation Trust Assets.

4.4.1 With regard to any sale, disposition, release, modification or waiver of existing rights as to an asset of the Litigation Trust or compromise or settlement of litigation or controverted matter, the Litigation Trustee must consult with, and obtain approval from, the Litigation Trust Committee with respect to any such transaction or, in the absence of such approval, an order of the Bankruptcy Court approving such transaction.

4.4.2 Other than as provided in this Agreement or the Plan, the Litigation Trustee is not empowered to incur indebtedness unless unanimously approved by the Litigation Trust Committee or as approved by the Bankruptcy Court and only as necessary to effectuate the purposes of the Litigation Trust.

4.4.3 The Litigation Trustee may only invest funds held in the Litigation Trust consistent with the requirements of this Agreement, the Bankruptcy Code or any order of the Bankruptcy Court modifying such requirements and, provided that the Litigation Trustee does so, he or she shall have no liability in the event of insolvency of any institution in which he or she has invested any funds of the Litigation Trust.

4.4.4 The Litigation Trustee shall hold, collect, conserve, protect and administer the Litigation Trust in accordance with the provisions of this Agreement and the Plan, and pay and distribute amounts as set forth herein for the purposes set forth in this Agreement and the Plan.

4.4.5 The Litigation Trustee shall not engage in activities inconsistent with the treatment of the Litigation Trust as a grantor trust or as a liquidating trust within the meaning of Treasury Regulations section 301.7701-4(d) or inconsistent with the requirements set forth in Revenue Procedure 94-45.

4.5 Bankruptcy Court Approval of Litigation Trustee Actions. Except as set forth herein, the Litigation Trustee need not obtain the order or approval of the Bankruptcy Court in the exercise of any power, rights, or discretion conferred hereunder, or account to the Bankruptcy Court. The Litigation Trustee, in consultation with the Litigation Trust Committee shall exercise his/her business judgment for the benefit of the Beneficiaries in order to maximize the value of the Litigation Trust Assets and distributions, giving due regard to the cost, risk, and delay of any cause of action. Notwithstanding the following, the Litigation Trustee shall have the right to submit to the Bankruptcy Court any question or questions regarding which the Litigation Trustee may desire to have explicit approval of the Bankruptcy Court for the taking of any specific action proposed to be taken by the Litigation Trustee with respect to the Litigation Trust assets, this Litigation Trust Agreement or the Plan, including the administration and distribution of the Litigation Trust Assets. The Bankruptcy Court shall retain exclusive jurisdiction for such purposes and shall approve or disapprove any such proposed action upon motion by the Litigation Trustee. In addition, the Litigation Trustee shall have the authority, but not the obligation, to seek Bankruptcy Court approval to sell any Litigation Trust Asset free and clear of any and all liens, claims and encumbrances, in consultation with the Litigation Trust Committee.

4.6 Reliance by Litigation Trustee

(a) The Litigation Trustee may rely, and shall be protected in acting upon, any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, or other paper or document believed by him to be genuine and to have been signed or presented by the proper party or parties;

(b) The Litigation Trustee may consult with any and all professionals to be selected by him and the Litigation Trustee shall not be liable for any action taken or omitted to be taken by him in accordance with the advice of such professionals, unless the Litigation Trustee acted or omitted to act with gross negligence, recklessness, fraud or willful misconduct; and

(c) Persons dealing with the Litigation Trustee shall look only to the Litigation Trust Assets to satisfy any liability incurred by the Litigation Trustee to such person in carrying out the terms of this Litigation Trust Agreement, and the Litigation Trustee shall have no personal obligation to satisfy any such liability.

4.7 Litigation Loan. The Litigation Loan entered into between Debtor and the Litigation Loan Lender, as approved by the Bankruptcy Court pursuant to the Final Order Authorizing Debtor to Obtain First Priority Secured Credit (Litigation Loan) on August 9, 2016, as amended, is hereby transferred to the Litigation Trust, which shall be bound thereby and the Litigation Trust shall be substituted for Debtor with respect to all terms and conditions of the Litigation Loan.

ARTICLE V
DISTRIBUTIONS FROM THE LITIGATION TRUST

5.1 Distributions. As soon as reasonably practicable after the date of this Agreement and thereafter as the Litigation Trustee reasonably determines, the Litigation Trustee shall make distributions to Beneficiaries in accordance with this Agreement and the Plan. Subject to the last sentence of this Section 5.1, the Litigation Trustee shall as soon as reasonably practicable after the receipt thereof and at least annually distribute to the Beneficiaries all net cash proceeds of the Litigation Trust Assets, provided that the Litigation Trustee shall not be required to make any distribution to the extent that the amount of cash available for distribution totals less than $250,000 in the aggregate. Notwithstanding the foregoing and subject to the limitations set forth in Section 5.6 below, the Litigation Trustee shall maintain a reserve of such amounts as are reasonably necessary to satisfy amounts that could be distributable in respect of such amounts (including administrative or other claims or other contingent liabilities) as reasonably necessary in his or her business judgment, in consultation with the Litigation Trust Committee, to fulfill his or her duties under this Agreement and the Plan.

5.2 Share of Distributions. Each Beneficiary shall receive its pro rata share of any and all distributions of the Litigation Trust Proceeds distributed in the same order of priority as set forth in the Bankruptcy Code and the Plan. The Litigation Proceeds shall be used to pay the expenses of the Litigation Trust, including, but not limited to, the costs and expenses of the Litigation Trust and all attorneys' fees, costs and expenses of Litigation Counsel, and then to payment of Allowed Creditor Claims, with payment first going to Secured Creditors in order of priority, then any unpaid Administrative Expense Claims, then Priority Tax Claims, then Allowed Unsecured Claims, until all such Claims have been paid in full, with interest, and then any remaining proceeds shall be distributed to the holders of the Interests in Debtor. The Litigation Trustee may withhold from amounts distributable to any Beneficiary, any and all amounts, determined in the Litigation Trustee's reasonable sole discretion, to be required by any law, regulation, rule, ruling, directive or other governmental requirement.

5.3 Delivery of Distributions. All distributions from the Litigation Trust to be made under this Agreement and the Plan shall be made to the Beneficiaries.

5.4 Timing of Distributions. Any payment or other distribution required to be made under the Litigation Trust or the Plan on a day other than a business day shall be due on the next succeeding business day. Any payment of cash shall be deemed made when such payment by check or wire transfer is transmitted.

5.5 Payments Limited to Litigation Trust Assets. All payments to be made by the Litigation Trustee to or for the benefit of any Beneficiary shall be made only to the extent that the Litigation Trustee has sufficient reserves to make such payments in accordance with this Agreement and the Plan. Each Beneficiary shall have recourse only to the Litigation Trust Assets for distribution under this Agreement.

5.6 Fees and Expenses. Subject to the limitations set forth herein and the Plan, the Litigation Trustee shall pay the operating and administrative expenses of the Litigation Trust out of the Litigation Trust Assets prior to distributions to or for the benefit of Beneficiaries, provided that payment of such expenses shall be solely out of the proceeds of the Litigation Trust Assets.

5.7 Priority Distributions. Any recovery by the Litigation Trust on account of the Litigation Trust Assets shall be applied in accordance with the priorities set forth in the Bankruptcy Code, Plan, or as set forth herein. Once all Allowed Claims have been paid in full, the Claims will be fully satisfied for all purposes, including, but not limited to, receipt of any further payments as may otherwise be due under the Plan from the Reorganized Debtor or from any other party. Thereafter, any remaining Litigation Trust Proceeds shall be distributed to the Interest holders.

5.8 Compliance with Laws. Any and all distributions of Litigation Trust Assets shall be in compliance with applicable laws.

ARTICLE VI
BENEFICIARIES

6.1 Identification of Beneficiaries. Each distribution by the Litigation Trustee to the Beneficiaries shall be made in accordance with the terms set forth in Article V hereof and the Plan and constitute a payment under the Plan.

6.2 Beneficial Interest Only. The ownership of a beneficial interest in the Litigation Trust shall not entitle any Beneficiary to any title in or to the Litigation Trust Assets or to any right to call for a partition or division of such Litigation Trust Assets or to require an accounting, except as specifically provided herein.

6.3 Ownership of Beneficial Interests Hereunder. Each Beneficiary shall own a beneficial interest in the Litigation Trust equal to such Beneficiary's entitlement under the Plan.

6.4 Evidence of Beneficial Interest. Ownership of a beneficial interest in the Litigation Trust Assets shall not be evidenced by any certificate, security, or receipt or in any other form or manner whatsoever, except as maintained on the books and records of the Litigation Trust by the Litigation Trustee.

6.5 Limitation on Transferability. It is understood and agreed that the beneficial interests in the Litigation Trust shall be assignable on the same terms and conditions as the underlying Allowed Claims under the Bankruptcy Code. An assignment shall not be effective unless notice is given to the Litigation Trustee within fifteen (15) days of the assignment and until appropriate notification and proof thereof is submitted to the Litigation Trustee, and the Litigation Trustee may continue to pay all amounts to or for the benefit of the assigning Beneficiaries until receipt of proper notification and proof of assignment. The Litigation Trustee may rely upon such proof without the requirement of any further investigation. Any notice of a change of beneficial interest ownership as permitted by operation of law or the Bankruptcy Code shall be forwarded to the Litigation Trustee by registered or certified mail as set forth herein and filed with the Bankruptcy Court. The notice shall be executed by both the transferee and the transferor, and the signatures of the parties shall be acknowledged before notary public and as required by Bankruptcy Rule 3001(e). The notice must clearly describe the interest to be transferred. The Litigation Trustee may conclusively rely upon such signatures and acknowledgements as evidence of such transfer without the requirement of any further investigation.

ARTICLE VII
THIRD PARTY RIGHTS AND LIMITATION OF LIABILITY

7.1 Parties Dealing with the Litigation Trustee. In the absence of actual knowledge to the contrary, any person dealing with the Litigation Trust or the Litigation Trustee shall be entitled to rely on the authority of the Litigation Trustee or any of the Litigation Trustee's agents to act in connection with the Litigation Trust Assets. No person or entity which may deal with the Litigation Trustee shall have any obligation to inquire into the validity or expediency or propriety of any transaction by the Litigation Trustee or any agent of the Litigation Trustee.

7.2 Limitation of Liability. Anything herein to the contrary notwithstanding, in exercising the rights granted herein, the Litigation Trustee and each member of the Litigation Trust Committee shall exercise his/her best judgment, to the end that the affairs of the Litigation Trust shall be properly managed and the interests of all the Beneficiaries are safeguarded; but the Litigation Trustee and each member of the Litigation Trust Committee shall not incur any responsibility or liability by reason of any error of law or of any matter or thing done or suffered or omitted to be done under this Agreement, unless the Litigation Trustee or such member of the Litigation Trust Committee has acted with gross negligence, recklessness, fraud or willful misconduct.

7.3 Indemnification. The Litigation Trustee and the Litigation Trust Committee and its members shall be indemnified and receive reimbursement against and from all loss, liability, expense (including counsel fees) or damage which the Litigation Trustee and the Litigation Trust Committee and its members may incur or sustain in the exercise and performance of any of their powers and duties under this Agreement, to the full extent permitted by applicable law, except if such loss, liability, expense or damage is finally determined by a court of competent jurisdiction to result from the Litigation Trustee's or the Litigation Trust Committee's or its members' gross negligence, recklessness, fraud, or willful misconduct. The amounts necessary for such indemnification and reimbursement shall be paid by the Litigation Trustee out of the Litigation Trust assets, except as otherwise provided in the Plan. The Litigation Trustee shall not be personally liable for the payment of any Litigation Trust expense or claim or other liability of the Litigation Trust, and no Person shall look to the Litigation Trustee personally for the payment of any such expense or liability. This indemnification shall survive the death, dissolution, resignation or removal, as may be applicable, of the Litigation Trustee, or the termination of the Litigation Trust, and shall inure to the benefit of the Litigation Trustee's heirs and assigns. Further, the Litigation Trustee and the Litigation Trust Committee and its members shall be immune from any liability for any good faith actions taken in such capacity, or pursuant to advice of counsel, to the fullest extent permitted under applicable law.

7.4 Compensation of Litigation Trust Committee. Subject to the limitations set forth herein and in the Plan, the Litigation Trustee and the Litigation Trust agree to pay or reimburse the Litigation Trust Committee for all reasonable out-of-pocket expenses incurred by the Litigation Trust Committee arising under or in connection with the performance of their duties under this Agreement as funds become available.

ARTICLE VIII
SELECTION, REMOVAL, AND COMPENSATION OF LITIGATION TRUSTEE

8.1 Initial Litigation Trustee. The initial Litigation Trustee shall be Mark Calvert.

8.2 Term of Service. The Litigation Trustee shall serve until (a) the completion of all the Litigation Trustee's duties, responsibilities and obligations under this Agreement; (b) termination of the Litigation Trust in accordance with this Agreement; or (c) the Litigation Trustee's death, resignation or removal.

8.3 Removal of a Litigation Trustee. Any person serving as Litigation Trustee may be removed and replaced upon the unanimous approval of the Litigation Trust Committee or an order of the Bankruptcy Court upon a showing of good cause. The removal shall be effective on the date specified by the Litigation Trust Committee or in the order. Notwithstanding the removal of the Litigation Trustee pursuant to this Section 8.3, the rights of the resigning Litigation Trustee under this Agreement with respect to acts or omissions occurring prior to the effectiveness of such removal will continue for the benefit of such resigning Litigation Trustee following the effectiveness of such resignation.

8.4 Resignation of Litigation Trustee. The Litigation Trustee may resign at any time by giving the Beneficiaries and Litigation Trust Committee at least sixty (60) days written notice of his or her intention to do so. In the event of a resignation, the resigning Litigation Trustee shall render to the Beneficiaries a full and complete accounting of monies and Litigation Trust Assets received, disbursed, and held during the term of office of that Litigation Trustee. The resignation shall be effective on the later to occur of: (i) the date specified in the notice; or (ii) the appointment of a successor by the unanimous consent of the Litigation Trust Committee or by an order of the Bankruptcy Court; and the acceptance of such successor of such appointment; *provided*, that if a successor Litigation Trustee is not appointed or does not accept his or her appointment or if the appointment of a successor Trustee has not been unanimously approved by the Litigation Trust Committee within sixty (60) days following delivery of notice of resignation, the resigning Litigation Trustee shall petition the Bankruptcy Court for the appointment of a successor Litigation Trustee. Notwithstanding the resignation of the Litigation Trustee pursuant to this Section 8.4, the rights of the resigning Litigation Trustee under this Agreement with respect to acts or omissions occurring prior to the effectiveness of such resignation will continue for the benefit of such resigning Litigation Trustee following the effectiveness of such resignation.

8.5 Appointment of Successor Litigation Trustee. Upon the resignation, death, incapacity, or removal of a Litigation Trustee, the Litigation Trust Committee may, by unanimous consent, appoint a successor Litigation Trustee to fill the vacancy. Any successor Litigation Trustee so appointed shall consent to and accept in writing the terms of this Agreement and agrees that the provisions of this Agreement shall be binding upon and inure to the benefit of the successor Litigation Trustee. In the event that a successor Litigation Trustee is not appointed within thirty (30) days of when required under this Agreement, any member of the Litigation Trust Committee or any Beneficiary may apply to the Bankruptcy Court for appointment of a successor Litigation Trustee upon notice to the Litigation Trust Committee.

8.6 Powers and Duties of Successor Litigation Trustee. A successor Litigation Trustee shall have all the rights, privileges, powers, and duties of his or her predecessor under this Agreement and the Plan. Notwithstanding anything to the contrary herein, a removed or resigning Litigation Trustee shall, when requested in writing by the successor Litigation Trustee, execute and deliver an instrument or, instruments conveying and transferring to such successor Litigation Trustee under the Litigation Trust all the estates, properties, rights, powers, and trusts of such predecessor Litigation Trustee.

8.7 Litigation Trust Continuance. The death, resignation or removal of the Litigation Trustee shall not terminate the Litigation Trust or revoke any existing agency created pursuant to this Agreement or invalidate any action theretofore taken by the Litigation Trustee.

8.8 Compensation and Costs of Administration. The Litigation Trustee shall receive fair and reasonable compensation for his/her services in accordance with his/her customary hourly rates and charged against and paid out of, and when funds become available from the Litigation Proceeds (subject to the limitations set forth in this Agreement and the Plan), *provided*, that no compensation may be paid to the Litigation Trustee or his/her professionals unless and until the following procedures have been followed with respect to any individual request for compensation: (i) the Litigation Trustee shall submit to the Litigation Trust Committee a monthly statement or statements ("Statements") reflecting all accrued fees (itemized, as applicable, to indicate the individual performing services, such individual's billable rate, a description of the services performed, the time spent, and the fees incurred) and itemized costs to be reimbursed, (ii) the amount reflected in any such Statements may be paid by the Litigation Trust after receipt of Litigation Proceeds unless the Litigation Trust Committee objects in writing to any compensation reflected in the Statements, in which case the undisputed amounts may be paid and the disputed amounts may only be paid by agreement of the Litigation Trust Committee or pursuant to order of the Bankruptcy Court, which shall retain exclusive jurisdiction over all disputes regarding the Litigation Trustee's and his/her professionals' compensation. All costs, expenses, and obligations, including without limitation filing fees, incurred by the Litigation Trustee (or professionals who may be employed by the Litigation Trustee in administering the Litigation Trust, in carryout their other responsibilities under this Agreement, or in any manner connected, incidental, or related thereto) shall be paid from the Litigation Proceeds prior to any distribution to the Beneficiaries (subject to the limitations set forth in this Agreement and the Plan).

8.9 Reporting and Filing Requirements

8.9.1 Upon distribution of any Litigation Proceeds, the Litigation Trustee, after consultation and approval of the Litigation Trust Committee, shall furnish a report to the Beneficiaries identifying the Litigation Proceeds received by the Litigation Trust, Litigation Proceeds being disbursed to beneficiaries, and all Litigation Proceeds disbursed for professional fees and costs of administering the Litigation Trust (including compensation paid to the Litigation Trustee).

8.9.2 The Litigation Trustee shall file tax returns for the Litigation Trust as a grantor trust pursuant to Treasury Regulations section 1.671-4(a) and any other applicable laws or regulations. The Litigation Trustee may withhold from amounts distributable to any Person any and all amounts, determined in the Litigation Trustee's reasonable sole discretion, to be required by any law, regulation, rule, ruling, directive or other governmental requirement.

8.9.3 The tax returns filed by the Litigation Trustee shall report all Litigation Trust earnings for the taxable year being reported.

8.10 Confidentiality. Except as required in the performance of his/her duties, the Litigation Trustee shall, while serving as Litigation Trustee under this Agreement and at all times thereafter, hold strictly confidential and not for personal gain any material, non-public information of or pertaining to any entity to which any of the Litigation Trust Assets relate or of which he/she has become aware solely in his/her capacity as Litigation Trustee. The attorney-client, work product, and all other applicable privileges shall apply to all communications with the Litigation Trustee and the Litigation Counsel.

ARTICLE IX
TRANSFER AND MAINTENANCE OF RECORDS AND INFORMATION

9.1 Transfer of Debtor's Documents and Information. Debtor and Reorganized Debtor shall transfer to the Litigation Trust all documents and information (including documents or information maintained in electronic format and original documents) related to the Litigation Trust Assets until the Litigation Trust is terminated. Debtor and Reorganized Debtor shall promptly respond to reasonable requests from the Litigation Trustee for documents or information (including documents or information maintained in electronic format and original documents) related to the Litigation Trust Assets, whether held by Debtor and Reorganized Debtor or their agents, advisors, attorneys, accountants or other professionals. In addition, Debtor and Reorganized Debtor shall provide the Litigation Trustee with access to the employees, agents, advisors, attorneys, accountants and professionals employed, retained or consulted by Debtor or Reorganized Debtor who have knowledge of matters relevant to the Litigation Trust Assets, including making such parties available to provide deposition, trial or other testimony in connection with any litigation involving the Litigation Trust Assets. Notwithstanding the foregoing provisions of this paragraph, in the event Debtor or Reorganized Debtor determines that any such provision of information violates any law or legal proceeding or waives any applicable privilege, protection or immunity, including, without limitation, the attorney-client privilege or the work-product doctrine, Debtor or Reorganized Debtor shall take all reasonable measures to provide such information in a manner that avoids any such harm or consequence, including retention of the specific files.

9.2 Maintenance of Records by Litigation Trustee. The Litigation Trustee shall maintain books and records containing a description of all property from time to time constituting the Litigation Trust Assets and an accounting of all receipts and disbursements. Such books and records may be destroyed without further notice to parties or approval of the Bankruptcy Court three (3) years after the termination of this Agreement or the Litigation Trust (unless such records and documents are necessary to fulfill the Litigation Trustee's obligations pursuant to this Agreement). Notwithstanding the foregoing, during the term of the Litigation Trust, the Litigation Trustee may destroy or abandon business records transferred by Grantor to the Litigation Trust thirty (30) days after delivery of written notice to the Litigation Trust Committee and the Beneficiaries of the Litigation Trustee's intent to destroy or abandon such record, unless prior to the expiration of such 30-day period, the Litigation Trust Committee or the Beneficiaries shall have objected in writing to the destruction of such records. The Litigation Trustee may estimate and include, as part of the Litigation Trustee's compensation, a reasonable sum to be used for the purpose of maintaining, accessing and destroying records during the term of the Litigation Trust and for up to three (3) years thereafter.

ARTICLE X
DURATION OF LITIGATION TRUST

10.1 Duration. The Litigation Trust shall become effective upon the Effective Date of the Plan. Thereupon, this Agreement shall remain and continue in full force and effect until the Litigation Trust is terminated in accordance with the provisions of this Agreement, the Plan, or Bankruptcy Court order.

10.2 Termination of the Litigation Trust. Termination of the duties, responsibilities and powers of the Litigation Trustee and the Litigation Trust Committee, and the termination of the Litigation Trust shall occur on the earlier of (i) full resolution of all Litigation Trust Assets transferred to the Litigation Trust, distribution of the Litigation Trust Assets and the net proceeds thereof in accordance with this Agreement, and conclusion of all matters relative to the administration of the Litigation Trust, except for the filing of all final tax returns or (ii) five (5) years from the Effective Date; *provided, however*, subject to approval of the Bankruptcy Court on a finding for cause shown, that an extension is necessary for the purpose of the Litigation Trust, the term of the Litigation Trust may be extended for a finite period based upon the particular circumstances at issue. Each such extension must be approved by the Bankruptcy Court within six (6) months of the beginning of the extended term.

10.3 Continuance of Litigation Trust for Winding Up. After the termination of the Litigation Trust and for the purpose of liquidating and winding up the affairs of the Litigation Trust, the Litigation Trustee shall continue to act as such until his or her duties have been fully performed, including, without limitation, such post-distribution tasks as necessary to wind up the affairs of the Litigation Trust. Subject to the provisions of 9.2 hereof, after the termination of the Litigation Trust, the Litigation Trustee shall retain for a period of five (5) years the books, records, Beneficiary lists, and certificates and other documents and files which shall have been delivered to or created by the Litigation Trustee. Except as otherwise specifically provided herein, upon the discharge of all liabilities of the Litigation Trust and final distribution of the Litigation Trust, the Litigation Trustee shall have no further duties or obligations hereunder.

ARTICLE XI
MISCELLANEOUS

11.1 Preservation of Privilege. In connection with the rights, claims, and causes of action that constitute Litigation Trust Assets, any and all attorney-client privilege, work-product privilege, or other privilege or immunity attaching to any documents or communications (whether written or oral) are transferred to the Litigation Trust and shall vest in the Litigation Trustee and his or her representatives and the Litigation Trust Committee and the Grantor and the Litigation Trustee are authorized to take all necessary actions to effectuate the transfer of such privileges, as necessary.

11.2 Notices. All notices to be given to Beneficiaries may be given by ordinary mail, or may be delivered personally, to the holders at the addresses appearing on the books kept by the Litigation Trustee. Any notice or other communication which may be or is required to be given, served, or sent to the Litigation Trust or the Litigation Trustee shall be in writing and shall be sent by registered or certified United States mail, return receipt requested, postage prepaid, or transmitted by hand delivery or facsimile (if receipt is confirmed) addressed as follows:

If to the Litigation Trust:	Litigation Trustee Mark Calvert 1420 Fifth Avenue, Suite 3382 Seattle, WA 98101 Email: mark@cascadecapitalgroup.com Facsimile ____________________
With a copy to:	____________________ ____________________ ____________________ ____________________ Email ____________________ Facsimile ____________________
If to a Beneficiary:	To the name and address for such Beneficiary as stated in the records of the Litigation Trust or the Bankruptcy Case

11.3 Bond. The Litigation Trustee (and any successor Litigation Trustee) shall maintain a fiduciary bond until the final distribution from the Litigation Trust. The face amount of the bond shall at all times be in an amount no less than 125 percent of the total amount of cash under the Litigation Trustee's control. The cost of the bond shall be paid out of the Litigation Trust Assets. Any party in interest may request an order of the Bankruptcy Court that the face amount of the Litigation Trustee's bond shall be increased or decreased.

11.4 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Oregon without regard to principles of conflicts of law.

11.5 Successors and Assigns. This Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns.

11.6 Headings. The various headings of this Agreement re inserted for convenience only and shall not affect the meaning or understanding of this Agreement or any provision hereof.

11.7 No Execution. All funds in the Litigation Trust shall be deemed *incustodia legis* until such times as the funds have actually been paid to or for the benefit of a Beneficiary, and no Beneficiary or any other Person can execute upon, garnish or attach the Litigation Trust Assets or the Litigation Trust in any manner or compel payment from the Litigation Trust except by Final Order of the Bankruptcy Court. Payment will be solely governed by this Agreement and the Plan.

11.8 Intention of Parties to Establish Grantor Litigation Trust. This Agreement is intended to create a grantor trust for United States federal income tax purposes and, to the extent provided by law, shall be governed and construed in all respects as such a grantor trust.

11.9 Amendment. This Agreement may be amended only by order of the Bankruptcy Court.

11.10 Severability. If any term, provision, covenant or restriction contained in this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void, unenforceable or against its regulatory policy, the remainder of the terms, provisions, covenants and restrictions contained in this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

11.11 Counterparts and Facsimile Signatures. This Agreement may be executed in counterparts and a facsimile or other electronic form of signature shall be of the same force and effect as an original.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year written above.

PEAK WEB LLC	MARK CALVERT
By ____________________	____________________
Jeffrey Papen, Chief Executive Officer	Mark Calvert, solely in his capacity as Litigation Trustee under this Agreement

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PEAK WEB LLC

AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT

DATED EFFECTIVE AS OF
APRIL 1, 2017

PEAK WEB LLC

AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT

THIS PEAK WEB LLC AMENDED AND RESTATED LIMITED LIABILITY COMPANY OPERATING AGREEMENT (this ***"Agreement")*** is dated as of April 1, 2017 (the ***"Effective Date")***, by and among PSA 9, LLC, a Nevada limited liability company ("***PSA9***") and sole holder of Series A Preferred Units (as defined below), Jon Billow, President of the Company (as defined below) and holder of Common Units ("***Billow***"), any other holders of Common Units (collectively, the ***"Creditors")*** and those other Persons listed on Schedule I hereto or who become members of the Company from time to time, as hereinafter provided (collectively with PSA9, Billow and the Creditors, the ***"Members")***. This Agreement amends, restates, replaces and supersedes in its entirety the Peak Web LLC Limited Company Agreement dated December 16, 2008.

RECITALS

WHEREAS, on October 16, 2008 Peak Web LLC, a California limited liability company (the ***"Company")***, was formed pursuant to the filing of the Articles of Organization (the ***"Articles")*** with the Office of the Secretary of State of the State of California.

WHEREAS, in connection with the Company's bankruptcy plan of reorganization filed in the U.S. Bankruptcy Court for the District of Oregon, Case No. 16-32311-pcm11 (the "***Plan***"), PSA9 is converting its operating loan to the Company of $500,000 plus accrued and unpaid interest into Series A Preferred Units, and in connection with such Plan certain other creditors and parties in interest of the Company with Allowed Claims (as defined in the Plan) have been offered under the Plan the opportunity to convert some or all of the indebtedness owed by the Company into Common Units, and Billow is being issued Common Units in connection with his services as an employee of the Company, and as such the Members desire to enter into this Agreement to reflect their admission as Members of the Company and the terms and provisions relating to their ownership and management of the Company.

NOW, THEREFORE, in consideration for the mutual promises provided herein, the parties agree as follows:

ARTICLE I
DEFINITIONS

1.1 DEFINITIONS

As used in this Agreement, the following terms have the following meanings:

"Act" means the California Revised Uniform Limited Liability Company Act as amended and in effect from time to time.

"Adjusted Capital Account Deficit" means, with respect to any Member, the deficit balance, if any in the Member's Capital Account as of the end of the relevant Allocation Year, after giving effect to the following adjustments (the Capital Account referred to herein as an ***"Adjusted Capital Account"***):

(a) Credit to the Capital Account any amounts the Member is obligated to restore or is deemed to be obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and

(b) Debit to the Capital Account the items described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and will be interpreted consistently therewith.

"Affiliate" means, with respect to any Person, a Person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person. For purposes of this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. An Affiliate of a Member also shall include any Person that is an officer, director, employee or trustee of such Member.

"Agreement" has the meaning given to that term in the introductory paragraph, as amended from time to time.

"Bankruptcy" means with respect to any Person: (a) without the consent or acquiescence of the Person, the entering of an order for relief or approving a petition for relief or reorganization or any other petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or other similar relief under any present or future bankruptcy, insolvency or similar statute, law or regulation, or the filing of such a petition against the Person, which petition will not be dismissed within 90 days, or, without the consent or acquiescence of the Person, the entering of an order appointing a trustee, custodian, receiver, or liquidator of the Person, or of all or any substantial part of the property of the Person, which order will not be dismissed within 60 days; or (b) the inability of the Person generally to pay its debts as they become due, or an admission in writing by the Person of its inability to pay its debts generally or a general assignment by the Person for the benefit of creditors; the filing of any petition or answer by the Person seeking to adjudicate itself as bankrupt or insolvent, or seeking for itself any liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of the Person or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking, consenting to, or acquiescing in the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for the Person or for any substantial part of its property; or corporate action taken by the Person to authorize any of the actions set forth above.

"Business Day" means any weekday other than a weekday on which banks in New York are authorized or required to close.

"Capital Account" means, with respect to any Member, the Capital Account established on the books of the Company for such Member and maintained in accordance with the following provisions:

(a) To each Member's Capital Account there shall be credited (i) the Capital Contribution of such Member, (ii) allocations to such Member of Company Net Income, (iii) any items in the nature of income or gain that are specially allocated to such Member pursuant to Article IV, and (iv) the amount of any Company liabilities assumed by such Member or that are secured by any Company property distributed to such Member.

(b) To each Member's Capital Account there shall be debited (i) the amount of cash and the fair market value of any property (other than cash) distributed to such Member by the Company, (ii) allocations to such Member of Company Net Losses, (iii) any items of deductions or losses that are specially allocated to such Member pursuant to Article IV, and (iv) the amount of any liabilities of such Member assumed by the Company or that are secured by property contributed to the Company by such Member.

(c) In determining the amount of any liability for purposes of clauses (a) and (b) above, there will be taken into account Code Section 752(c) and any other applicable provisions of the Code and Treasury Regulations.

In the event Unit(s) in the Company are Transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the Transferred Unit(s). The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Treasury Regulations.

"Capital Contribution" means, with respect to any Member, the amount of money and the initial Gross Asset Value of any property (other than money) contributed to the Company by such Member.

"Cash Available for Distribution" means, as of the end of any fiscal quarter or other applicable period, cash funds of the Company in excess of amounts reasonably required for the satisfaction of the Company's obligations, the repayment of Company borrowings, interest thereon, other liabilities and expenses, working capital and reserves that the Series A Preferred Member deems reasonably necessary or advisable for the proper operation of the business of the Company. Cash Available for Distribution includes the Company's net cash flow irrespective of the source of the cash flow, and refers to net cash flow from operations as well as net cash proceeds of all sales, exchanges, dispositions and financings or other extraordinary Company events, after payment, as required under the Plan, of General Unsecured Claims from 50% of the Company's "Adjusted Net Income" as defined in the Plan. Notwithstanding anything contained herein to the contrary, Cash Available for Distribution does not include cash from Capital Contributions.

"Class" means a particular class of Units having such rights, preferences and obligations as set forth in this Agreement or amendment or addendum thereto.

"Code" means the Internal Revenue Code of 1986 and any successor statute, as amended from time to time.

"Common Percentage Interest" means that percentage obtained for each Common Member equal to the number of Common Units owned by such Common Member divided by the total number of issued and outstanding Common Units of the Company.

"Common Member" means a Member to the extent of his, her or its holding of Common Units in the Company.

"Common Units" means that Class of Units of the Company that are designated as Common pursuant to the terms of this Agreement.

"Company" means Peak Web LLC, a California limited liability company.

"Company Minimum Gain" has the same meaning as "partnership minimum gain" set forth in Treasury Regulations Sections 1.704-2(b)(2) and 1.704-2(d).

"Depreciation" means, for each Fiscal Year, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for the Fiscal Year, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of the Fiscal Year, Depreciation will be an amount which bears the same ratio to the beginning Gross Asset Value as the federal income tax depreciation, amortization or other cost recovery deduction for the Fiscal Year bears to the beginning adjusted tax basis; provided, however, that if the federal income tax depreciation, amortization, or other cost recovery deduction for the year is zero, Depreciation will be determined with reference to the beginning Gross Asset Value using any reasonable method selected by the Board of Managers.

"Effective Date" has the meaning given to that term in the introductory paragraph to this Agreement, which date coincides with the Effective Date as defined in the Plan.

"Entity" means any one or more general partnerships, limited partnerships, corporations, joint ventures, trusts, business trusts, limited liability companies, limited liability partnerships, cooperatives, associations or combination of the foregoing.

"Estimated Tax Amount" means, with respect to each Member, an amount equal to the highest statutory rate applicable to ordinary income or capital gain (as the case may be) for the Member in effect for a given Fiscal Year multiplied by the Company's net taxable income or gain for federal income tax purposes (or an estimate of the taxable income or gain as determined by the Board) allocated to such Member for such Fiscal Year.

"Fiscal Year" means the calendar year.

"Gross Asset Value" means, with respect to any Company asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(a) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset at the time of such contribution, as determined by the contributing Member and the Company;

(b) In order to preserve the economic interests of each Member in the Company, the Company may (but shall not be required to) adjust the Gross Asset Values of all Company assets to equal their respective gross fair market values, as determined by the Company, immediately prior to the following times: (i) the acquisition of additional Units in the Company by any new or existing Member for more than a *de minimis* Capital Contribution, (ii) the distribution by the Company to a Member of more than a *de minimis* amount of Company property, (iii) the withdrawal of a Member, and (iv) the liquidation of the Company;

(c) The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Treasury Regulations Section 1.704-l(b)(2)(iv)(m); provided, however, that Gross Asset Values shall not be adjusted pursuant to this item (c) to the extent an adjustment is made at that time pursuant to item (a) or (b) of this definition; and

(d) The Gross Asset Value of any Company asset distributed in kind to any Member shall be adjusted to equal its gross fair market value, as determined by the Members, on the date of distribution.

If the Gross Asset Value of an asset has been determined or adjusted pursuant to item (a), (b) or (d) above, the Gross Asset Value will thereafter be adjusted by the Depreciation taken into account with respect to the asset for purposes of computing Profits and Losses.

*"**Liquidation Event**"* shall mean a liquidation, dissolution or winding up of the Company and shall specifically include (i) any sale of all or substantially all of the Company's assets, (ii) any sale, transfer, exclusive license, or covenant not to commercially exploit all or substantially all of the Company's core intellectual property, and (iii) the acquisition of the Company by another entity (other than a reorganization for the purpose of changing the Company's domicile or converting into an S or C Corporation) by means of merger or other form of reorganization in which the outstanding Units of the Company are exchanged for securities or other consideration issued by or on behalf of the acquiring entity as a result of which the Members of the Company immediately prior to such transaction hold less than fifty percent of the voting power of the surviving or resulting entity.

*"**Majority Approval of the Common Members**"* means the consent of one or more Common Members having among them more than fifty percent (50%) of the then outstanding Common Units entitled to vote on a particular matter presented to the Common Members.

*"**Majority Vote of the Managers**"* means the consent of more than fifty percent (50%) of a quorum of Managers entitled to vote on a particular matter presented to the Board.

*"**Member**"* means any Person executing this Agreement as of the date of this Agreement as a member (including a Series A Preferred Member) or hereafter admitted to the Company as a member (including a Series A Preferred Member) as provided in this Agreement, but does not include any Person who has ceased to be a member in the Company.

*"**Member Nonrecourse Debt**"* has the same meaning as the term "partner nonrecourse debt" set forth in Treasury Regulations Section 1.704-2(b)(4).

*"**Member Nonrecourse Debt Minimum Gain**"* means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if the Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Treasury Regulations Section 1.704-2(i)(3).

*"**Member Nonrecourse Deductions**"* has the same meaning as the term "partner nonrecourse deductions" set forth in Treasury Regulations Section 1.704-2(i)(1) and (i)(2).

*"**Nonrecourse Deductions**"* has the meaning set forth in Treasury Regulations Sections 1.704-2(b)(1) and (c).

*"**Nonrecourse Liability**"* has the meaning set forth in Treasury Regulations Section 1.752-1(b)(3).

*"**Net Income**"* and *"**Net Losses**"* mean, for each Fiscal Year or other period, an amount equal to the Company's taxable income or loss for such year or period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(l) shall be included in taxable income or loss), with the following adjustments:

(a) Any income of the Company that is exempt from federal income tax shall be added to such taxable income or loss;

(b) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Treasury Regulations Section 1.704-l(b)(2)(iv)(i) shall be subtracted from such taxable income or loss;

(c) Gain or loss resulting from any disposition of Company property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the adjusted book value of the property disposed of, notwithstanding that the adjusted tax basis of the asset differs from its adjusted book value; and

(d) In the event the Gross Asset Value of any Company asset is adjusted pursuant to item (b) or (d) of the definition of Gross Asset Value, the amount of the adjustment will be treated as an item of gain (if the adjustment increases the Gross Asset Value of the asset) or an item of loss (if the adjustment decreases the Gross Asset Value of the asset) from the disposition of the asset and will be taken into account for purposes of computing Net Income or Net Losses;

(e) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing the taxable income or loss, there will be taken into account Depreciation for the Fiscal Year, computed in accordance with the definition of Depreciation;

(f) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Sections 734(b) or 743(b) is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's interest in the Company, the amount of the adjustment will be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis) from the disposition of the asset and will be taken into account for purposes of computing Net Income or Net Losses; and

(g) Notwithstanding any other provisions of this definition, any items that are specially allocated pursuant to Section 4.2 will not be taken into account in computing Net Income or Net Losses.

The amounts of the items of Company income, gain, loss, or deduction available to be specially allocated pursuant to Section 4.2 will be determined by applying rules analogous to those set forth in items (a) through (g) above.

"Officer" means a Person appointed by the Company to implement the management decisions and handle the day-to-day operational affairs of the Company.

"Person" means any natural person, partnership (whether general or limited), limited liability company, trust, estate, association, corporation, custodian, nominee, or any other individual or Entity in its own or any representative capacity.

"Securities" means all shares or units of the Company's capital equities (including, without limitation, the Units), whether now authorized or not, and any shares of the Company's capital equities or another entity issued in exchange for or in respect of shares of the Company's capital equities (whether pursuant to a stock split, stock dividend, combination, reclassification, reorganization, or any other means), and any right or instrument through which shares of the Company's capital equities may be obtained.

"Securities Act" means the Securities Act of 1933, as amended.

"Series A Preferred Member" means a Member to the extent of his, her or its holding of Series A Preferred Units in the Company.

"Series A Preferred Unit" means that class of Units described in Section 3.2(a) hereof.

"Treasury Regulations" means the income tax regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"Transfer" means any sale, assignment, conveyance, deed, bill of sale, mortgage, security interest, exchange, gift, devise, distribution, hypothecation, pledge, encumbrance, attachment, levy, foreclosure, sale by legal process under execution, attachment or receivership, sale or retention of any Units or interest in Units by a secured party after a default, change in the beneficial ownership or the trustee of any trust which is a holder of a Unit, change of ownership ordered by any court pursuant to dissolution of marriage, withdrawal or dissociation or otherwise, or other change in ownership, voluntary or involuntary or by operation of law.

"Unit" means an interest in the Company issued by the Company from time to time pursuant to the terms of this Agreement and includes all Units of all Classes so issued.

"Unit Plan" means a Company equity incentive plan for issuance of Common Units for employees of the Company as may be approved by the Board.

"Violation" means losses, claims, damages, or liabilities (joint or several) to which a party to this Agreement may become subject under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations: (a) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, (b) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (c) any violation or alleged violation by any other party to this Agreement, of the Securities Act, the Exchange Act, any state securities law or any rule or regulation promulgated under the Securities Act, the Exchange Act, or any state securities law.

ARTICLE II
ORGANIZATION

2.1 FORMATION OF LIMITED LIABILITY COMPANY; ARTICLES

(a) The Company has been formed as a limited liability company under the laws of the State of California, and the rights and liabilities of the Members shall be as provided in the Act, except as otherwise expressly provided herein.

(b) The Members have filed or caused to be filed the Articles and the Members shall file, or cause to be filed, all such other certificates, notices, statements or other instruments required by law for the formation and continued operation of the Company as a California limited liability company.

2.2 NAME

The name of the Company is "Peak Web LLC" and all Company business must be conducted in that name or such other names that comply with applicable law.

2.3 REGISTERED AGENT REGISTERED OFFICE; PRINCIPAL OFFICE

The registered office of the Company in the State of California shall be at 818 West Seventh Street - Suite 930, Los Angeles County, Los Angeles, California 90017. The registered agent of the Company to accept service of process is NATIONAL REGISTERED AGENTS, INC. The registered office and registered agent of the Company may be changed by a Manager from time to time by filing an amendment to the Articles in accordance with the Act.

2.4 PURPOSE

The Company is organized to engage in any lawful act for which a limited liability company may be organized under the Act. The Company shall be authorized to engage in any and all other lawful activities, which the Board determines to be beneficial or desirable for the development of the aforementioned purposes.

2.5 TERM

The Company commenced on the date the Articles was filed with the Secretary of State of the State of California and shall continue indefinitely unless terminated pursuant to Section 13.1.

2.6 NO STATE-LAW PARTNERSHIP

The Members intend that the Company not be a partnership or joint venture, and that no Member be a partner or joint venture of any other Member, for any purposes other than federal and, to the extent permitted, state and local tax purposes, and this Agreement shall not be construed to produce a contrary result.

2.7 PARTNERSHIP TAX CHARACTERIZATION

It is the express intention of the Members that the Company be classified as a partnership for federal income taxation and not as an association taxable as a corporation. No Member shall take any action inconsistent with such treatment. It is the further intention of the Members that this Agreement be interpreted and applied accordingly.

2.8 TITLE TO COMPANY PROPERTY

All property owned by the Company shall be deemed to be owned by the Company as an entity, and no Member, individually, shall have any ownership interest in any such property.

2.9 FAILURE TO OBSERVE FORMALITIES

A failure to observe any formalities or requirements of this Agreement, the Articles or the Act shall not be grounds for imposing personal liability on the Manager or Members for liabilities of the Company.

2.10 NO LIABILITY OF MEMBERS AND MANAGER TO THIRD PARTIES

Except as otherwise provided in (i) the Act and (ii) the Series A Preferred Unit Purchase Agreement, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Member of the Company nor the Manager shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Member or Manager of the Company.

2.11 REASONABLE RELIANCE BY THIRD PARTY CREDITORS

This Agreement is entered into among the Members for the sole and exclusive benefit of the Members and their duly recognized successors and assigns. Nothing expressed or mentioned in or to be implied from this Agreement is intended or shall be construed to give to any Person other than the parties hereto any legal or equitable right, remedy or claim under or in respect to this Agreement, and no such Person shall have the right to bring an action to enforce any of the provisions of this Agreement, including, but not limited to, the Members' obligations to make Capital Contributions to the Company.

ARTICLE III
AUTHORIZED CAPITAL; DISPOSITIONS OF INTERESTS

3.1 CLASSES OF UNITS; AUTHORIZED UNITS

(a) The Company shall be, and hereby is, authorized to issue two Classes of Units: Series A Preferred Units and Common Units. The holders of each Class of Units shall be entitled to the rights and subject to the obligations set forth herein ascribed to such Class. Any holder of a Class of Units who is admitted to the Company as a Member shall be referred to as a Member of such Class of Units (e.g., a holder of Common Units shall be referred to as a Common Member or a holder of Series A Preferred Units shall be referred to as a Series A Preferred Member). Any holder of more than one Class of Units shall have separate rights under this Agreement with respect to each Class of Units held by such Member. For example, a holder of both Common Units and Series A Preferred Units shall be referred to and shall be treated separately in his, her or its separate capacities as a Common Member and a Series A Preferred Member..

(b) The Company is authorized to issue up to 500,000 Series A Preferred Units.

(c) The Company is authorized to issue up to 800,000 Common Units, and 120,000 of which shall be reserved for issuance under the Unit Plan.

(d) Any Unit which may have been redeemed, purchased or acquired by the Company may not be reissued.

3.2 PREFERRED UNITS

(a) On the Effective Date, the Company has issued to PSA9 500,000 Series A Preferred Units, and PSA9 has been admitted as a Member of the Company, in exchange for cancellation of its operating loan. The Company shall not sell or issue additional Series A Preferred Units.

(b) Upon the Company's distribution to the Series A Preferred Member an amount, together with all prior amounts distributed, such that the Series A Preferred Member has collectively received from all such distributions an amount equal to its initial Capital Account plus the Preferred Return (as defined below), then such final distribution will be in full payment and liquidation and redemption of the Series A

Preferred Units, and upon such distribution the rights and privileges of the Series A Preferred Member as a Member and holder of Series A Preferred Units will cease without any further action on the part of the Company or the Series A Preferred Member and any and all consent, voting and other rights, preferences and privileges of a Series A Preferred Member or holder of Series A Preferred Units under this Agreement shall no longer be effective or required. No Net Income or Net Losses will be allocated to the Series A Member following the redemption of its Series A Preferred Units.

3.3 COMMON UNITS

(a) On the Effective Date the Company has issued _______ Common Units to creditors of Allowed Claims of the Company electing to convert indebtedness owed by the Company. The dollar amounts converted by Creditors and such Creditors initial Capital Account values are as set forth on the attached Exhibit B.

(b) On the Effective Date the Company has issued 500 Common Units to Billow under the Unit Plan. Within 30 days after the Effective Date, Billow will make an effective election with the Internal Revenue Service under Code Section 83(b) and the Treasury Regulations thereunder and will notify the Company accordingly.

(c) The Company has reserved 1179,500 Common Units for issuance under the Unit Plan as such Common Units may be granted by the Board of Managers.

(d) No Member shall have any personal liability for the repayment of the Capital Contributions of any Common Member.

(e) The Company and the Members will take all actions, including the amendment of this Agreement, as necessary or appropriate to cause Billow's interest in the Company, and any interest in the Company issued to any other service provider that is designated in the applicable award agreement as a profits interest, to be treated as a profits interests for all United States federal income tax purposes (and to the extent possible, for all foreign, state and local income tax purposes), to be valued based on liquidation value or similar principles, and to permit allocations of income made to such service providers to be respected, including any action required by the Company under Revenue Procedure 2001-43, unless superseded by Notice 2005-43, in which case the Company is permitted to take any and all actions as may be necessary or desirable under such notice, or any final or temporary regulations that may be promulgated to implement the IRS Proposed Treasury Regulations (Proposed Regulations Sections 1.83-3, 1.704-1, 1.706-33, 1.707-1, 1.721-1, 1.761-1) set forth in the notice of proposed rulemaking (Reg.-105346-03), and any similar or related authority.

(f) If any Member at any time resides in a community property state, such Member's spouse must execute a Consent of Spouse substantially in the form attached as Exhibit C, agreeing to be bound by the provisions of this Agreement.

3.4 NO ADDITIONAL CONTRIBUTIONS

Unless all the Members otherwise agree, no Member will be required to contribute any additional capital to the Company.

3.5 LIABILITY TO THIRD PARTIES

Except as to any obligation it may have under the Act to repay funds that may have been wrongfully distributed to it, no Member shall be liable for the debts, obligations or liabilities of the Company, including under a judgment decree or order of a court.

3.6 RESTRICTION ON TRANSFERS

Except as otherwise permitted by this Agreement, no holder of Units will Transfer any Units. For the avoidance of doubt, no holder of Units may dissociate from the Company without the written consent of the Company through action of the Board of Managers.

3.7 PERMITTED TRANSFERS

A holder of Units may at any time Transfer any Units to: (a) the Company; or (b) any Person approved by the Company through written action of the Board of Managers (any such Transfer pursuant to subsections (a)-(b) being referred to as a "Permitted Transfer").

ARTICLE IV
ALLOCATION OF NET INCOME AND NET LOSSES

4.1 ALLOCATION OF NET INCOME AND NET LOSSES

After giving effect to the special allocations set forth in Section 4.2, Net Income or Net Losses for each Fiscal Year will be allocated among the Members in a manner that will result in the Capital Account balance for each Member (which balance may be positive or negative), after adjusting the Capital Account for all Capital Contributions and distributions and any special allocations required pursuant to this Agreement for the current and all prior Fiscal Years, being (as nearly as possible) equal to (x) the amount that would be distributed to the Member if the Company were to sell all of its assets at their current Gross Asset Value, pay all liabilities of the Company (limited, with respect any nonrecourse liabilities, to the value reflected in the Members' Capital Accounts for the assets securing such nonrecourse liabilities), and distribute the proceeds thereof in accordance with Section 13.3, minus (y) the Member's share of Company Minimum Gain and Member Nonrecourse Debt Minimum Gain.

4.2 SPECIAL ALLOCATIONS

4.2.1 MINIMUM GAIN CHARGEBACK

Except as otherwise provided in Treasury Regulations Section 1.704-2(f), notwithstanding any other provision of this Article IV, if there is a net decrease in Company Minimum Gain during any Fiscal Year, each Member shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Person's share of the net decrease in Company Minimum Gain, determined in accordance with Treasury Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Treasury Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 4.2.1 is intended to comply with the minimum gain chargeback requirement in Treasury Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

4.2.2 MEMBER MINIMUM GAIN CHARGEBACK

Except as otherwise provided in Treasury Regulations Section 1.704-2(i)(4), notwithstanding any other provision of this Article IV, if there is a net decrease in Member Nonrecourse Debt Minimum Gain attributable to a Member Nonrecourse Debt during any Fiscal Year, each Member who has a share of the

Member Nonrecourse Debt Minimum Gain attributable to the Member Nonrecourse Debt, determined in accordance with Treasury Regulations Section 1.704-2(i)(5), will be specially allocated items of Company income and gain for the Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to the Member's share of the net decrease in Member Nonrecourse Debt Minimum Gain attributable to the Member Nonrecourse Debt, determined in accordance with Treasury Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence will be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated will be determined in accordance with Treasury Regulations Sections 1.704-2(i)(4) and 1.704-2(j)(2). This Section 4.2.2 is intended to comply with the minimum gain chargeback requirement in Treasury Regulations Section 1.704-2(i)(4) and will be interpreted consistently therewith.

4.2.3 QUALIFIED INCOME OFFSET

In the event any Member unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of Company income and gain shall be specially allocated to each such Member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the negative Capital Account balance of such Member as quickly as possible, provided that an allocation pursuant to this Section 4.2.3 shall be made only if and to the extent that such Member would have a negative Capital Account balance after all other allocations provided for in this Article IV have been tentatively made as if this Section 4.2.3 were not in this Agreement.

4.2.4 GROSS INCOME ALLOCATION

In the event that any Member has an Adjusted Capital Account Deficit at the end of any Allocation Year, the Member will be allocated items of Company income and gain in the amount of the deficit as quickly as possible; provided that an allocation pursuant to this Section 4.2.4 will be made only if and to the extent that the Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article IV have been tentatively made as if Section 4.2.3 and this Section 4.2.4 were not in this Agreement.

4.2.5 NONRECOURSE DEDUCTIONS

Nonrecourse Deductions for any Fiscal Year will be specially allocated to the Members in proportion to their percentage interests in the Company.

4.2.6 MEMBER NONRECOURSE DEDUCTIONS

Any Member Nonrecourse Deductions for any Fiscal Year will be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which the Member Nonrecourse Deductions are attributable in accordance with Treasury Regulations Section 1.704-2(i)(1).

4.2.7 SECTION 754 ADJUSTMENT

To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(2) or (m)(4), to be taken into account in determining Capital Accounts, the amount of the adjustment to the Capital Accounts will be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis), and the gain or loss will be specially allocated to the Members in accordance with their interests in the Company in the event Regulations Section 1.704-

1(b)(2)(iv)(m)(2) applies, or to the Member to whom the distribution was made in the event Regulations Section 1.704-1(b)(2)(iv)(m)(4) applies.

4.3 OTHER ALLOCATION RULES

(a) Net Income, Net Losses, and any other items of income, gain, loss, or deduction will be allocated to the Members pursuant to this Article IV as of the last day of each Fiscal Year; provided that Net Income, Net Losses, and such other items will also be allocated at such times as the Gross Asset Values of Company assets are adjusted pursuant to item (b) of the definition of "Gross Asset Value".

(b) For purposes of determining the Net Income, Net Losses, or any other items allocable to any period, Net Income, Net Losses, and any other items will be determined on a daily, monthly, or other basis, as determined by the Board of Managers using any permissible method under Code Section 706 and the Treasury Regulations thereunder.

(c) The Members are aware of the income tax consequences of the allocations made pursuant to this Article IV and agree to be bound by the provisions of this Article IV in reporting their shares of Company income and loss for income tax purposes.

(d) Solely for purposes of determining a Member's proportionate share of the "excess nonrecourse liabilities" of the Company relating to Company assets within the meaning of Treasury Regulations Section 1.752-3(a)(3), the Members' interests in Company profits will be equal to their percentage interests in the Company.

4.4 TAX ALLOCATIONS

4.4.1 IN GENERAL

Except as provided in Section 4.4.2, the income, gains, losses, deductions and credits of the Company will be allocated, for federal, state and local income tax purposes, among the Members in accordance with the allocation of such income, gains, losses, deductions and credits among the Members for computing their Capital Accounts; provided that if any such allocation is not permitted by the Code or other applicable law, the Company's subsequent income, gains, losses, deductions and credits will be allocated among the Members so as to reflect as nearly as possible the allocation set forth herein in computing their Capital Accounts.

4.4.2 CONTRIBUTED PROPERTY

Items of Company taxable income, gain, loss and deduction with respect to any property contributed (or deemed contributed) to the capital of the Company shall be allocated among the Members in accordance with the "remedial method" under Code Section 704(c) and Treasury Regulations Section 1.704-3(d) so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its Gross Asset Value. If the Gross Asset Value of any Company asset is adjusted pursuant to the requirements of Treasury Regulation Section 1.704-l(b)(2)(iv)(e) or (f), subsequent allocations of items of taxable income, gain, loss and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c).

ARTICLE V
DISTRIBUTIONS

5.1 TIMING OF DISTRIBUTIONS

Except as otherwise provided in Section 5.2 or in Section 13.3 in connection with the liquidation of the Company, Cash Available for Distribution shall be distributed in such amounts and at such times as determined with the Board of Managers and the Series A Preferred Member; provided, that if any Cash Available for Distribution is distributed, it shall be distributed to the Members as follows:

(i) First, to the Series A Preferred Member until the Series A Preferred Member has received an amount equal to 4.5% interest per annum, compounded monthly, on its initial Capital Account balance, until fully paid (the ***"Preferred Return"***);

(ii) Second, to the Series A Preferred Member until the Series A Preferred Member has received an amount equal to its initial Capital Account balance; and

(ii) Third, to the Common Members in proportion to their respective Common Percentage Interests of Common Units.

5.2 TAX DISTRIBUTIONS

Notwithstanding any limitations provided elsewhere in this Agreement, the Company shall distribute to all Members in cash the Estimated Tax Amount within 90 days after the close of each Fiscal Year, unless the Board of Managers determines that such distributions would render the Company insolvent or would otherwise be materially adverse to the Company. Tax distributions pursuant to this Section 5.3 shall be made to the Members pro rata in the proportions in which taxable income for such Fiscal Year has been allocated to them, and shall be considered an advance against amounts otherwise distributable to them pursuant to Sections 5.1 and 13.3.

5.3 DISTRIBUTIONS IN KIND

Subject to Section 5.1 hereof, with the approval by the Board of Managers, the Series A Preferred Member and Majority Approval of the Common Members, the Board may distribute Company assets in kind and the distribution of any such assets in kind shall be made on the basis of the fair market values thereof on the date of distribution and shall be made in the manner set forth in Section 5.1.

ARTICLE VI
MANAGEMENT AND CONTROL OF THE COMPANY

6.1 MANAGEMENT OF THE COMPANY BY BOARD OF MANAGERS

Subject to the provisions of this Agreement relating to actions to be approved by the Members, the business, property and affairs of the Company shall be managed and all powers of the Company shall be exercised by or under the direction of a Board of Managers (the ***"Board"***).

6.2 MEMBER NOT AN AGENT OF THE COMPANY

Pursuant to Section 6.1, the management of the Company is vested in the Board. The Members shall have no power to participate in the management of the Company except as expressly authorized by this Agreement or the Articles and except as expressly required by the Act. A Member, acting solely in the capacity of the Member, is not an agent of the Company nor does the Member, unless expressly and duly authorized in writing to do so by the Board, have any power or authority to bind or act on behalf of the Company in any way, to pledge its credit, to execute any instrument on its behalf or to render it liable for any purpose.

6.3 ELECTION OF BOARD OF MANAGERS

(a) Number of Managers. The number of Managers of the Company shall initially be fixed at three (3).

(b) Appointment of Managers. The Managers shall be appointed by the Members as follows:

(i) The Series A Preferred Member shall be entitled to appoint one (1) Manager to the Board, initially __________;

(i) The Common Members shall be entitled, by a Majority Approval of the Common Members, to appoint one (1) Manager to the Board; and

(ii) The President of the Company shall be the third Manager, initially, Billow.

(c) Term of Managers. Each Manager shall serve until the earlier of (i) the removal of such Manager in accordance with this Agreement, (ii) such Manager's resignation, or (iii) such Manager's death. A Manager may, but need not be, a Member.

(d) Removal. A Manager may be removed at any time, with or without cause, by the written consent and in the sole discretion of the Members or Managers that appointed or have the right to appoint such Manager. In the event that there is no Series A Preferred Member remaining, any Manager appointed by the Series A Preferred Member shall be removed from the Board and no new Manger shall be appointed in his or her place.

(e) Resignation. A Manager may resign at any time by giving written notice to the Board. The resignation of a Manager shall take effect upon receipt of that notice or at such later time as shall be specified in the notice. Unless otherwise specified in the notice, the acceptance of the resignation shall not be necessary to make it effective.

(f) Vacancies. Any vacancy occurring on the Board shall be filled by the Members or Managers that appointed or have the right to appoint such Manager. If a vacancy occurs on the Board, notices to any Manager required under this Agreement shall be made to the Members entitled to appoint such Manager.

6.4 MEETINGS OF THE BOARD

(a) Frequency. Meetings of the Board shall be held at such times and places as approved by a Majority Vote of the Managers.

(b) Notice of Meetings. It shall be reasonable and sufficient notice to a Manager to send notice by overnight delivery at least 48 hours or by facsimile at least 24 hours before the meeting addressed to such Manager at such Manager's usual or last known business or residence address or to give notice to such Manager in person or by telephone at least 24 hours before the meeting. Notice of a meeting need not be given to any Manager if a written waiver of notice, executed by such Manager before or after the meeting, is filed with the records of the meeting, or to any Manager who attends the meeting without protesting prior thereto or at its commencement the lack of notice to such Manager. Neither notice of a meeting nor a waiver of a notice need specify the purposes of the meeting.

(c) Meetings By Communications Equipment. A Manager may participate in a meeting of the Board by, or conduct the meeting through the use of, any means of communication by which all Managers participating in the meeting can hear each other during the meeting. Participation by such means shall constitute presence in person at a meeting.

(d) Quorum. A majority of the number of Managers comprising the Board at any given time shall constitute a quorum for the transaction of business at any Board meeting, provided that if action is to be taken on any matter set forth in Section 6.6 below such majority consists of both a Manager appointed by the Series A Preferred Members and a Manager appointed by the Common Members. If less than a quorum is present at a meeting, the meeting shall be adjourned without further notice.

(e) Manner of Acting. Except as otherwise specifically provided in this Agreement, if a quorum is present at a Board meeting when a vote is taken, the act of a Majority Vote of the Managers shall be the act of the Board.

(f) Action by Managers Without A Meeting. Any action that could be taken at a meeting of the Board may be taken without a meeting if one or more written consents setting forth the action so taken are signed by all of the Managers either before or after the action is taken and delivered to the Company. Action taken by the unanimous written consent of Managers without a meeting is effective when the last Manager signs the consent, unless the consent specifies a later effective date.

6.5 AUTHORITY OF BOARD OF MANAGERS

Subject to the delegation of authority to designated Managers and Officers, the Board shall be vested with complete management and control of the business of the Company. Except as otherwise provided herein, the Board shall have the power and authority to do all things necessary or proper to carry out the purposes of the Company. Each Manager shall be authorized to execute instruments, documents, agreements, contracts and other undertakings on behalf and in the name of the Company that have been approved by the Board, and parties dealing with the Company shall be entitled to rely on the authority of such a Manager to execute such documents on behalf of the Company.

6.6 LIMITATION ON AUTHORITY OF BOARD

Notwithstanding the provisions of Section 6.5, the Company shall not do any of the following without the written consent of the Series A Preferred Member and a Majority Approval of the Common Members:

(i) Alter or change the rights, preferences or privileges of the Series A Preferred Units;

(ii) Increase or decrease the number of authorized Series A Preferred Units or increase the number of Units reserved under a Unit Plan;

(iii) Authorize the issuance of securities having a preference over or on a par with the Series A Preferred Units;

(iv) Except as permitted by this Agreement, redeem, repurchase or otherwise acquire any equity interests in the Company;

(v) Amend this Agreement or the Articles;

(iii) Except as permitted under a Unit Plan and grants approved under such plan as approved by the Board of Managers, authorize the issuance of any additional Common Units (or equivalents thereof) to employees, officers, directors, Managers or Members;

(iv) Approve a consolidation or merger or a sale of all, substantially all, or a significant portion of the assets of the Company, or recapitalize, liquidate or dissolve the Company;

(v) Change the number of authorized Managers; or

(vi) Dissolution or winding up of the Company, or conversion of the Company to another business entity.

6.7 PERFORMANCE OF DUTIES; LIABILITY OF MANAGER; FIDUCIARY STANDARD

A Manager shall not be liable to the Company or to the Members for any loss or damage sustained by the Company or the Members, unless the loss or damage shall have been the result of fraud, deceit, gross negligence, reckless or intentional misconduct, or a knowing violation of law by the Manager. A Manager shall perform its managerial duties in good faith, in a manner it reasonably believes to be in the best interests of the Company and the Members, and with such care as an ordinarily prudent Person in a like position would use under similar circumstances. Provided a Manager performs the duties of Manager in compliance with this Section 6.7, a Manager shall not have any liability by reason of being or having been a Manager of the Company.

6.8 LIMITED LIABILITY

A Manager shall not be personally liable under any judgment of a court, or in any other manner, for any debt, obligation, or liability of the Company, whether that liability or obligation arises in contract, tort, or otherwise, solely by reason of being the Manager.

6.9 OFFICERS

The Board is authorized to appoint one or more Officers from time to time, including a President. The Officers shall hold office until their successors are chosen and qualified. Subject to any employment agreement entered into between the Officer and the Company, an Officer shall serve at the pleasure of the Board. The current Officers are listed on Exhibit A, attached hereto.

ARTICLE VII
RIGHTS AND OBLIGATIONS OF MEMBERS

7.1 VOTING RIGHTS OF MEMBERS

On matters set forth in this Agreement or in the Act requiring a vote of the Members, except as otherwise provided in this Agreement, each Member shall have one vote per Unit owned by such Member.

7.2 LIMITED LIABILITY

The Members shall not be personally liable for any indebtedness, obligations or loss of the Company in excess of the amount of their Capital Contributions to the Company plus an amount equal to their share of undistributed profits of the Company, if any, plus an amount equal to any distributions wrongfully made to the Members required to be returned pursuant to the Act or other applicable law. All Persons dealing with the Company shall have recourse solely to the assets of the Company for payment of the debts, obligations or liabilities of the Company.

7.3 ACTION BY MEMBERS WITHOUT A MEETING

Any action that could be taken at a meeting of the Members may be taken without a meeting if one or more written consents setting forth the action so taken are signed by Members holding the necessary number and Class or Classes of Units to give effect to such action as required under this Agreement or the Act in Person or by proxy.

7.4 GRANT OF PROXY AUTHORIZED

For any matter on which a Member is entitled to vote, the Member may vote by proxy executed in writing by the Member or by its attorney-in-fact or agent. A proxy shall become invalid 12 months after the date of its execution, unless otherwise provided in the proxy.

ARTICLE VIII
DISSOCIATION OF A MEMBER

14.1 DISSOCIATION

A Member will dissociate from the Company upon the occurrence of any of the events specified in Section 17706.02 of the Act or the Member's Bankruptcy; provided, however, a Member's dissociation from the Company without the consent of the Board of Managers, which consent may be withheld or conditioned in its sole discretion, will be a breach of this Agreement and constitute a wrongful withdraw of such Member to the fullest extent permitted under the Act.

10.2 CONSEQUENCES OF DISSOCIATION

If a Member dissociates from the Company before the dissolution and liquidation of the Company, the following will apply:

(a) The Member will be treated as a mere creditor of the Company from the date of dissociation until the Member has received all distributions to which the Person is or may be due under this Agreement and the Act.

(b) The dissociated Member shall be entitled only to the economic rights associated with the Member's Units and will continue to be subject to any restrictions on transfer set forth in this Agreement.

(c) If the dissociation is wrongful within the meaning of Section 17706.01(b) of the Act, the dissociating Member will be liable to the Company and the other Members to the fullest extent permitted under the Act.

(d) Any indebtedness or other amounts due to the Company from such dissociating Member will become immediately due upon the dissociation.

ARTICLE IX
[RESERVED]

ARTICLE X
INDEMNIFICATION

10.1 LIMITATION ON LIABILITY

No Member, Officer, unitholder, employee or agent thereof, or Officer, employee or agent of the Company shall be liable, responsible or accountable in damages or otherwise to the Company or any Member for any act or omission by any such Person or by any employee or other agent of the Company if such Person acted in good faith and in a manner in which he, she or it believed to be in the best interests of the Company unless such conduct constitutes fraud, gross negligence, willful misconduct or a material breach of this Agreement.

10.2 INDEMNIFICATION

To the fullest extent not prohibited by law, the Company shall indemnify and hold harmless each Member (including the "tax matters partner" in such Member's capacity as such) each officer, unitholder, employee or agent thereof, and each Manager, Officer, employee or agent of the Company from and against any and all losses, claims, demands, costs, damages, liabilities (joint and several), expenses of any nature (including attorneys' fees and disbursements), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, in which such Person may be involved or threatened to be involved, as a party or otherwise, arising out of or incidental to any business of the Company transacted or occurring while such Person was a Member, Officer, Manager, unitholder, employee or agent thereof, or Officer, employee or agent of the Company regardless of whether such Person continues in such capacity at the time any such liability or expense is paid or incurred, except for fraud, willful misconduct, bad faith or gross negligence on the part of such Person. The indemnification provided by this Section 10.2 shall be in addition to any other rights to which those indemnified may be entitled under any agreement, as a matter of law or equity, or otherwise, and shall continue as to a Person who has ceased to serve in their capacity, and shall inure to the benefit of the heirs, successors, assigns and administrators of the Person so indemnified. With respect to the satisfaction of any indemnification of the above-mentioned Persons, only assets of the Company shall be available therefore and no Member or Manager or Officer shall have any personal liability therefore. Any indemnification required hereunder to be made by the Company shall be made promptly as the liability, loss, damage, cost or expense is incurred or suffered. The Members may establish reasonable procedures for the submission of claims for indemnification pursuant to this Section 10.2, determination of the entitlement of any Person thereto, and review of any such determination.

10.3 ADVANCEMENT OF EXPENSES

The right to indemnification conferred in this Article IX shall include the right to be paid by the Company the expenses incurred in defending any proceeding in advance of its final disposition (hereinafter an "advancement of expenses"). An advancement of expenses shall be made upon delivery to the Company of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such indemnitee is not entitled to be indemnified for such expenses under this Section 10.3.

ARTICLE XI
TAX MATTERS

11.1 TAX MATTERS MEMBER

The Series A Preferred Member shall act as tax matters member of the Company to represent the Company (at the Company's expense) in connection with all examinations of the Company's affairs by tax authorities and to expend Company funds for professional services and costs associated therewith.

11.2 PARTNERSHIP REPRESENTATIVE

(a) For all Fiscal Years beginning on or after January 1, 2018, the Series A Preferred Member shall be designated as the "partnership representative" (the ***"Partnership Representative"***), as defined in Code Section 6223 (as in effect following the effective date of its amendment by Section 1101 of H.R. 1314, the ***"Bipartisan Budget Act of 2015"***), and the Company and the Members shall complete any necessary actions (including executing any required certificates or other documents) to effect such designation. Upon the termination of the Series A Preferred Member's interest in the Company in accordance with Section 3.2(b), or its earlier resignation as Partnership Representative, the Board of Managers shall appoint a replacement Partnership Representative.

(b) The Partnership Representative may make any elections available to be made as a partnership representative under the Code, including, without limitation, the election described in Code Section 6226(a)(1) (as in effect following the effective date of its amendment by Section 1101 of the Bipartisan Budget Act of 2015).

(c) If the Company becomes liable for any taxes, interest or penalties under Code Section 6225, (a) each Person that was a Member of the Company for the taxable year to which such liability relates shall indemnify, defend and hold harmless the Company for such Person's allocable share of the amount of such tax liability, including any interest and penalties associated therewith, (b) the Board of Managers may cause the Members (including any former Member) to whom such liability relates to pay, and each such Member hereby agrees to pay, such amount to the Company, and such amount shall not be treated as a Capital Contribution, and (c) without reduction to a Member's (or former Member's) obligations under this Section 11.2, any amount paid by the Company that is attributable to a Member, and that is not paid by such Member pursuant to clause (b) above, shall be treated for purposes of this Agreement as (A) a distribution to such Member under Section 4.1 and Section 13.3, and (B) a reduction to such Member's Capital Account balance.

ARTICLE XII
BOOKS, RECORDS, AND BANK ACCOUNTS

12.1 BOOKS AND RECORDS

(a) The Company shall maintain with its books and records the following: (i) a current list of the full name and last known address of each Member and each member on the Board of Managers; (ii) a copy of the Articles, and all certificates or amendments thereto, together with executed copies of any powers of attorney pursuant to which any Articles has been executed; (iii) copies of the Company's federal, state and local tax and information returns and reports, if any, for the six most recent Fiscal Years; (iv) copies of this Agreement and any amendments thereto, together with executed copies of any powers of attorney pursuant to which any agreement or amendments have been executed; (v) copies of all financial statements for the Company for the three most recent Fiscal Years; (vi) information regarding the amount of cash and a description and statement of the agreed value of any other property or services contributed by each Member and which each Member has agreed to contribute in the future, and the date on which each Member became a Member of the Company; and (vii) the books and records of the Company as they related to the internal affairs of the Company for at least the current and past four Fiscal Years.

(b) The Company shall provide to each Member the Company's tax return and Schedule K-1 for such Member for each Fiscal Year, and such other information as may be necessary for the preparation of each such Member's United States federal and state income tax returns, and the Company shall use commercially reasonable efforts to provide such documents within 90 days after the end of each Fiscal Year.

12.2 CAPITAL ACCOUNTS AND TAXABLE YEAR

The Company shall keep books and records for the Capital Account of each Member maintained as provided in the definition of "Capital Account" set forth in Section 1.1 and for federal income tax purposes in accordance with tax accounting principles. For federal income tax purposes, the tax year of the Company shall be the calendar year unless a different taxable year is required by the Code.

12.3 [RESERVED]

12.4 BANK ACCOUNTS

The Company shall be responsible for causing one or more accounts to be maintained in a bank (or banks), which accounts shall be used for the payment of expenditures incurred in connection with the business of the Company, and in which shall be deposited any and all cash receipts. All such amounts shall be received, held and disbursed by the Company for the purposes specified in this Agreement. There shall not be deposited in any of such accounts any funds other than funds belonging to the Company, and no other funds shall in any way be commingled with such funds.

ARTICLE XIII
DISSOLUTION AND LIQUIDATION

13.1 EVENTS OF DISSOLUTION

The Company shall be dissolved:

(a) by a Majority Approval of the Common Members and the written consent of Series A Preferred Member; or

(b) upon the completion of the sale of all or substantially all of the assets of the Company.

The death, retirement, resignation, expulsion, bankruptcy or dissolution of any Member or the occurrence of any other event that terminates the continued membership of any Member shall not cause the Company to be dissolved or its affairs to be wound up, and upon the occurrence of any such event, the Company shall be continued without dissolution.

13.2 EFFECT OF DISSOLUTION

Dissolution of the Company shall be effective on the date on which the event occurs giving rise to the dissolution, but the Company shall not terminate until the Articles are canceled and the assets of the Company are distributed as provided herein. Notwithstanding the dissolution of the Company, prior to the termination of the Company, the business of the Company and the affairs of the Members, as such, shall continue to be governed by this Agreement. Upon dissolution, the Board shall liquidate the assets of the Company, apply and distribute the proceeds thereof as contemplated by this Agreement, and cause the cancellation of the Articles.

13.3 DISTRIBUTIONS UPON LIQUIDATION

(a) Upon a dissolution of the Company or other Liquidation Event, the Board or agent designated by the Board shall take full account of the Company liabilities and Company property and the Company property shall be liquidated as promptly as is consistent with obtaining the fair market value there, and the proceeds therefrom, to the extent sufficient therefore and in accordance with the Act, shall be applied and distributed in the following order and priority:

(b) The net cash proceeds resulting from a Liquidation Event shall be distributed and applied in the following order of priority:

(i) to the payment of the expenses of liquidation and the debts and liabilities of the Company then due;

(ii) to the setting up of any reserves that the Members determine are reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company;

(iii) to the holders of Series A Preferred Units until the Series A Preferred Member has received an amount equal to its initial Capital Account on the Effective Date, plus the Preferred Return. If the assets and funds available for distribution to the holder of Series A Preferred Units shall be insufficient to pay the stated preferential amounts of this subsection (iii) in full, then the entire remaining assets and funds of the Company legally available for distribution, after the payment or provision of the amounts set forth in subsections (i) through (ii) above, shall be distributed to the holder of Series A Preferred Units.

(iv) After payment in full of the amounts set forth in subparagraphs (i) through (iii) above, all remaining assets of the Company legally available for distribution shall be distributed ratably among the holders of Common Units.

(c) The value of any securities to be delivered to the Members pursuant to this Section 13.3 shall be determined as follows:

(i) If listed on a national securities exchange or the National Market System of the National Association of Securities Dealers, Inc., the value shall be deemed to be the average of the closing prices of the securities on such exchange over the thirty day period ending two days prior to the closing;

(ii) If actively traded over the counter, the value shall be deemed to be the average of the closing bid prices over the thirty day period ending three days prior to the closing; and

(iii) If there is no active public market, the value shall be the fair market value thereof in such manner which remains in compliance with Internal Revenue Code Section 409(a)

13.4 DEFICIT CAPITAL ACCOUNTS

Notwithstanding anything to the contrary contained in this Agreement, and notwithstanding any custom or rule of law to the contrary, to the extent that the deficit, if any, in the Capital Account of any Member results from or is attributable to deductions and losses of the Company (including non-cash items such as depreciation), or distributions of assets pursuant to this Agreement to all Members, upon dissolution of the Company such deficit shall not be an asset of the Company and such Members shall not be obligated to contribute such amount to the Company to bring the balance of such Member's Capital Account to zero.

ARTICLE XIV
MISCELLANEOUS

14.1 NOTICES

Any and all notices, elections or demands permitted or required to be made under this Agreement to the Company or any Member shall be in writing, signed by the Person giving such notice, election or demand, and delivered personally, sent by confirmed facsimile or electronic transmission or sent by certified mail, return receipt requested. All notices to the Company shall be sent to the attention of the President at the principal office of the Company, or at such other address as the Company may designate by reasonable advance written notice to the other parties hereto. All notices to any Member shall be sent to such Member at the address as set forth on the signature page attached hereto for the Series A Preferred Member and Schedule 1 hereto for the Common Members, as applicable, or at such other address as the Member may designate by reasonable advance written notice to the other parties hereto. The date of personal delivery, the date the certified facsimile or electronic transmission is sent to the recipient, or three Business Days after the date of mailing, as the case may be, shall be the date of such notice.

14.2 SUCCESSORS AND ASSIGNS

Subject to the restrictions on Transfer set forth herein, this Agreement shall be binding upon and shall inure to the benefit of the Members, their respective successors, heirs, successors-in-title and assignees, and each successor-in-interest to any Member, whether such successor acquires such interest by way of gift, purchase, foreclosure or by any other method, shall hold such interest subject to all the terms and provisions of this Agreement.

14.3 NO WAIVER

The failure of any Member to insist on strict performance of any provision of this Agreement, irrespective of the length of time for which such failure continues, shall not be a waiver of such Member's right to demand strict compliance in the future. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation hereunder shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation.

14.4 SIGNATURES

Each Member shall become a signatory hereof by signing, directly or by an attorney-in-fact, (i) such number of counterpart signature pages to this Agreement or (ii) a subscription agreement which shall be treated as an addendum and amendment to this Agreement, and such other instrument or instruments, and in such manner and at such time, as the Members shall determine. By so signing, each Member shall be deemed to have adopted, and to have agreed to be bound by, all the provisions of this Agreement, as amended from time to time in accordance with the provisions of this Agreement.

14.5 AMENDMENT TO AGREEMENT; CONSENT RIGHTS OF COMMON MEMBERS

(a) If this Agreement shall be amended as a result of adding or substituting a Member as permitted hereunder, the amendment to this Agreement shall be signed by the Company and by the Person to be substituted or added.

(b) In addition to any amendments otherwise authorized herein, amendments may be made to this Agreement from time to time with the consent of (i) a Majority Approval of the Common Members and (ii) the Series A Preferred Member; provided, however, that without the consent of the Members to be adversely affected by the amendment, this Agreement may not be amended so as to (i) modify the limited liability of any Member; (ii) alter the interest of any Member in distributions or allocations of Net Income, Net Losses or other items of Company income, gain, loss or deduction; or (iii) otherwise materially adversely affect the rights, preferences, privileges or economic interests of any Member hereunder.

14.6 COUNTERPARTS

This Agreement may be executed in any number of counterparts, all of which together shall for all purposes constitute one agreement, binding on all the Members, notwithstanding that all the Members have not signed the same counterpart.

14.7 APPLICABLE LAW AND JURISDICTION

This Agreement and the rights and obligations of the parties hereunder shall be governed by and interpreted, construed and enforced in accordance with the laws of the State of California (regardless of the choice of law principles of the State of California or of any other jurisdiction). Each of the parties hereby irrevocably submits to the non-exclusive jurisdiction of the Circuit Court of the State of Oregon for Multnomah County and the United States District Court for the District of Oregon located in Multnomah County, Oregon, in connection with any litigation arising under this Agreement. Each party waives and will not assert as a defense in the litigation that (i) it is not subject to the jurisdiction of the court; (ii) the litigation cannot be brought or maintained in that court; (iii) the venue is not appropriate; or (iv) this Agreement may not be enforced in or by that court.

14.8 ENTIRE AGREEMENT; NO THIRD PARTY BENEFICIARIES

The terms set forth in this Agreement (including the Schedules hereto) are intended by the parties as a final, complete and exclusive expression of the terms of their agreement with respect to the transactions contemplated by this Agreement and may not be contradicted, explained or supplemented by evidence of any prior agreement, any contemporaneous oral agreement or any inconsistent additional terms. There are no restrictions, promises, representations, warranties, covenants or undertakings, other than those expressly set forth or referred to herein. This Agreement is not intended to confer upon any Person other than the parties hereto any rights or remedies hereunder.

14.9 SEVERABILITY

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned hereby executes this Agreement as of the date first set forth above.

BILLOW:

____
Jon Billow
Address: ____________________
____
____

SERIES A PREFERRED MEMBER:

PSA 9, LLC

By:____________________________
Name:__________________________
Title:___________________________

Address: ____________________
____
____

CREDITORS:

[INSERT NAME]

____

Address:
____
____

SCHEDULE I

COMMON MEMBERS

Non-Creditors

Name & Address	Common Units
Jon Billow	500

Creditors

Name & Address	Common Units

EXHIBIT A

OFFICERS

Name	Title
Jon Billow	**President**

EXHIBIT B

CONVERTED INDEBTEDNESS

INDEBTEDNESS

Creditor	$ amount converted	# of Common Units	Initial Capital Account Value as of April 1, 2017*
Example creditor	$20,000	200	~~$300.52~~$298.00

Total Allowed Claims indebtedness converted ($):

Total Common Units:

*Based on valuation of the Company as of April 1, 2017

EXHIBIT C

CONSENT OF SPOUSE

I, ________________________, spouse of ______________________________, acknowledge that I have read the AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT of Peak Web LLC (the "Company") (the "Operating Agreement"), to which this Consent is attached as Exhibit C and that I know the contents of the Operating Agreement. I hereby agree that any interest I may have in the Units, including any community property interest in the Units, will be irrevocably subject to the terms of the Operating Agreement.

I am aware that the legal, financial and related matters contained in the Operating Agreement and in this Consent are complex and that I am free to seek independent professional guidance or counsel with respect to this Consent. I have either sought such guidance or counsel or determined after reviewing the Operating Agreement carefully that I will waive such right.

DATED: ___________, 2017.

____

(Print Name)

038470/00001/7826119v4

Exhibit 2
Projected Income Statement

	April to Dec 2017	2018	2019	2020	Jan to June 2021	April to Dec 2017	2018	2019	2020	Jan to June 2021
Revenue										
Consulting	$3,456,000	$6,120,000	$7,146,000	$7,541,600	$3,879,000	100.0%	100.0%	100.0%	100.0%	100.0%
Total Revenue	**$3,456,000**	**$6,120,000**	**$7,146,000**	**$7,541,600**	**$3,879,000**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Cost of Goods Sold										
Salaries	$1,537,500	$2,987,500	$3,375,000	$3,525,000	$1,800,000	44.5%	48.8%	47.2%	46.7%	46.4%
Payroll Taxes	$151,375	$302,375	$342,500	$317,250	$162,000	4.4%	4.9%	4.8%	4.2%	4.2%
Benefits	$235,200	$467,075	$549,150	$598,238	$315,000	6.8%	7.6%	7.7%	7.9%	8.1%
Contractor - Wheeler	$153,000	$204,000	$204,000	$204,000	$102,000	4.4%	3.3%	2.9%	2.7%	2.6%
Contractor - Heck	$126,000	$168,000	$168,000	$168,000	$84,000	3.6%	2.7%	2.4%	2.2%	2.2%
Contractor - Other	$36,000	$48,000	$48,000	$48,000	$24,000	1.0%	0.8%	0.7%	0.6%	0.6%
Total COGS	**$2,239,075**	**$4,176,950**	**$4,686,650**	**$4,860,488**	**$2,487,000**	**64.8%**	**68.3%**	**65.6%**	**64.4%**	**64.1%**
Gross Margin	**$1,216,925**	**$1,943,050**	**$2,459,350**	**$2,681,113**	**$1,392,000**	**35.2%**	**31.7%**	**34.4%**	**35.6%**	**35.9%**
Operating Expenses										
Salaries	$664,026	$811,505	$801,154	$816,454	$413,691	19.2%	13.3%	11.2%	10.8%	10.7%
Payroll Taxes	$66,422	$82,229	$81,424	$73,481	$37,232	1.9%	1.3%	1.1%	1.0%	1.0%
Benefits	$93,281	$119,531	$125,156	$130,781	$67,500	2.7%	2.0%	1.8%	1.7%	1.7%
Recruiting	$40,000	$32,000	$8,000	$8,000	$0	1.2%	0.5%	0.1%	0.1%	0.0%
Office Rent	$18,900	$25,200	$25,200	$25,200	$12,600	0.5%	0.4%	0.4%	0.3%	0.3%
Intermedia / Email	$6,750	$9,000	$9,000	$9,000	$4,500	0.2%	0.1%	0.1%	0.1%	0.1%
Vonage	$4,500	$9,000	$15,000	$15,000	$7,500	0.1%	0.1%	0.2%	0.2%	0.2%
Verizon	$8,000	$12,000	$18,000	$18,000	$12,000	0.2%	0.2%	0.3%	0.2%	0.3%
Business Insurance	$23,375	$32,419	$34,040	$35,742	$18,385	0.7%	0.5%	0.5%	0.5%	0.5%
Travel & Entertainment	$53,000	$108,000	$144,000	$144,000	$90,000	1.5%	1.8%	2.0%	1.9%	2.3%
Bank Fees	$5,400	$7,200	$7,200	$7,200	$3,600	0.2%	0.1%	0.1%	0.1%	0.1%
Staff Eng Expenses	$15,300	$19,440	$19,440	$19,440	$9,720	0.4%	0.3%	0.3%	0.3%	0.3%
Misc Expense	$13,500	$34,000	$70,000	$92,000	$48,000	0.4%	0.6%	1.0%	1.2%	1.2%
Total Operating Expenses	**$1,012,454**	**$1,301,524**	**$1,357,614**	**$1,394,298**	**$724,728**	**29.3%**	**21.3%**	**19.0%**	**18.5%**	**18.7%**
Net Operating Income	**$204,471**	**$641,526**	**$1,101,736**	**$1,286,815**	**$667,272**	**5.9%**	**10.5%**	**15.4%**	**17.1%**	**17.2%**
Non-Operating Expenses										
Interest on Taxes - Secured	$880	$956	$679	$366	$38	0.0%	0.0%	0.0%	0.0%	0.0%
Interest on Taxes - Priority	$6,142	$6,814	$4,962	$2,747	$292	0.2%	0.1%	0.1%	0.0%	0.0%
Interest on BOW Debt	$27,110	$33,302	$22,148	$9,993	$534	0.8%	0.5%	0.3%	0.1%	0.0%
Data Sales	$338	$396	$183	$10	$0	0.0%	0.0%	0.0%	0.0%	0.0%
Huntington	$152	$178	$82	$4	$0	0.0%	0.0%	0.0%	0.0%	0.0%
US Bank	$101	$119	$55	$3	$0	0.0%	0.0%	0.0%	0.0%	0.0%
Depreciation	$13,500	$18,000	$18,000	$18,000	$9,000	0.4%	0.3%	0.3%	0.2%	0.2%
Total Non-Operating Expenses	**$48,223**	**$59,765**	**$46,109**	**$31,124**	**$9,864**	**1.4%**	**1.0%**	**0.6%**	**0.4%**	**0.3%**
Pretax Income	$156,248	**$581,760**	**$1,055,627**	**$1,255,691**	**$657,408**	**4.5%**	**9.5%**	**14.8%**	**16.7%**	**16.9%**
Taxes at 25%	($39,062)	($145,440)	($263,907)	($313,923)	($164,352)	-1.1%	-2.4%	-3.7%	-4.2%	-4.2%
Net Income	**$117,186**	**$436,320**	**$791,720**	**$941,768**	**$493,056**	**3.4%**	**7.1%**	**11.1%**	**12.5%**	**12.7%**

Exhibit 2
Projected Balance Sheet

	Year End				June 30,	Percentage				
Current Assets	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
Current Assets										
Cash	$500,498	$523,649	$782,158	$1,099,775	$1,339,328	23.3%	22.0%	29.0%	36.0%	40.5%
Accounts Receivable	$627,097	$836,129	$888,387	$929,323	$945,001	29.1%	35.1%	33.0%	30.4%	28.6%
Other Current Assets	$0	$0	$0	$0	$0	0.0%	0.0%	0.0%	0.0%	0.0%
Legal Retainers	-$0	-$0	-$0	-$0	-$0	0.0%	0.0%	0.0%	0.0%	0.0%
Goodwill	$955,643	$955,643	$955,643	$955,643	$955,643	44.4%	40.1%	35.5%	31.3%	28.9%
Total Current Assets	**$2,083,237**	**$2,315,421**	**$2,626,188**	**$2,984,741**	**$3,239,971**	**96.8%**	**97.1%**	**97.5%**	**97.8%**	**97.9%**
Fixed Assets										
Computer Equipment	$31,100	$31,100	$31,100	$31,100	$31,100	1.4%	1.3%	1.2%	1.0%	0.9%
Vehicles	$37,240	$37,240	$37,240	$37,240	$37,240	1.7%	1.6%	1.4%	1.2%	1.1%
Capital Expenditures	$15,000	$33,000	$51,000	$69,000	$78,000	0.7%	1.4%	1.9%	2.3%	2.4%
Total Fixed Assets	**$83,340**	**$101,340**	**$119,340**	**$137,340**	**$146,340**	**3.9%**	**4.3%**	**4.4%**	**4.5%**	**4.4%**
Less Accumulated Depreciation	-$15,000	-$33,000	-$51,000	-$69,000	-$78,000	-0.7%	-1.4%	-1.9%	-2.3%	-2.4%
Net Fixed Assets	**$68,339**	**$68,339**	**$68,339**	**$68,339**	**$68,339**	**3.2%**	**2.9%**	**2.5%**	**2.2%**	**2.1%**
Total Assets	**$2,151,577**	**$2,383,761**	**$2,694,528**	**$3,053,080**	**$3,308,311**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Liabilities										
Accrued Admin Professional Fees	$494,978	$494,978	$494,978	$494,978	$494,978	23.0%	20.8%	18.4%	16.2%	15.0%
De Minimus Creditors @ 25%	$16,886	$0	$0	$0	$0	0.8%	0.0%	0.0%	0.0%	0.0%
Admin Expenses / Leases	$0	$0	$0	$0	$0	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts Payable	$190,014	$237,797	$246,964	$256,979	$258,126	8.8%	10.0%	9.2%	8.4%	7.8%
Taxes Payable - Secured	$8,951	$6,763	$4,297	$1,519	$0	0.4%	0.3%	0.2%	0.0%	0.0%
Taxes Payable - Priority	$42,057	$32,588	$21,267	$7,731	$0	2.0%	1.4%	0.8%	0.3%	0.0%
Data Sales	$10,000	$6,355	$1,300	$0	$0	0.5%	0.3%	0.0%	0.0%	0.0%
Huntington	$4,500	$2,860	$585	$0	$0	0.2%	0.1%	0.0%	0.0%	0.0%
Payment of Priority Tax Princ	$3,000	$1,906	$390	$0	$0	0.1%	0.1%	0.0%	0.0%	0.0%
Long Term BOW Note	$803,249	$612,467	$347,885	$71,148	$0	37.3%	25.7%	12.9%	2.3%	0.0%
Total Liabilities	**$1,573,635**	**$1,395,714**	**$1,117,665**	**$832,355**	**$753,104**	**73.1%**	**58.6%**	**41.5%**	**27.3%**	**22.8%**
Equity										
Equity	$500,000	$500,000	$500,000	$500,000	$500,000	23.2%	21.0%	18.6%	16.4%	15.1%
Cumulative Distributions	$0	-$26,215	-$229,120	-$527,025	-$685,600	0.0%	-1.1%	-8.5%	-17.3%	-20.7%
Cumulative Net Income	$77,942	$514,262	$1,305,983	$2,247,751	$2,740,806	3.6%	21.6%	48.5%	73.6%	82.8%
Total Equity	**$577,942**	**$988,047**	**$1,576,863**	**$2,220,725**	**$2,555,206**	**26.9%**	**41.4%**	**58.5%**	**72.7%**	**77.2%**
Total Liabilities & Equity	**$2,151,577**	**$2,383,761**	**$2,694,528**	**$3,053,080**	**$3,308,311**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Comment

The actual amount of goodwill and opening equity balance will be adjusted if additional parties contribute equity.

Total cumulative distributions to general unsecured creditors are expected to be $891,930 including the payments through August 2021.

The opening cash balance includes cash to be received from Jeffrey Papen for payment of receivable due.

Exhibit 2
Projected Statement of Cash Flows

	Annual					Percentage of Revenue				
	Aprl to Dec 2017	2018	2019	2020	Jan to June 2021	Aprl to Dec 2017	2018	2019	2020	Jan to June 2021
Cash Flow from Operating Activities										
Operations										
Net Income	$117,186	$436,320	$791,720	$941,768	$493,056	3.4%	7.1%	11.1%	12.5%	12.7%
Add Depreciation	$13,500	$18,000	$18,000	$18,000	$9,000	0.4%	0.3%	0.3%	0.2%	0.2%
Operating Cash Flow	**$130,686**	**$454,320**	**$809,720**	**$959,768**	**$502,056**	**3.8%**	**7.4%**	**11.3%**	**12.7%**	**12.9%**
Working Capital (Change)										
Accounts Receivable	-$265,651	-$209,032	-$52,258	-$40,935	-$15,677	-7.7%	-3.4%	-0.7%	-0.5%	-0.4%
Other Current Assets	$0	$0	$0	$0	$0	0.0%	0.0%	0.0%	0.0%	0.0%
Accrued Admin Professional Fees	$0	$0	$0	$0	$0	0.0%	0.0%	0.0%	0.0%	0.0%
De Minimus Creditors @ 25%	$0	-$16,886	$0	$0	$0	0.0%	-0.3%	0.0%	0.0%	0.0%
Admin Expenses / Leases	-$100,000	$0	$0	$0	$0	-2.9%	0.0%	0.0%	0.0%	0.0%
Accounts Payable	$165,865	$47,783	$9,167	$10,015	$1,147	4.8%	0.8%	0.1%	0.1%	0.0%
Total Working Capital (Change	**-$199,785**	**-$178,135**	**-$43,091**	**-$30,920**	**-$14,530**	**-5.8%**	**-2.9%**	**-0.6%**	**-0.4%**	**-0.4%**
Total Cash Flow from Operating Activities	**-$69,099**	**$276,185**	**$766,629**	**$928,848**	**$487,526**	**-2.0%**	**4.5%**	**10.7%**	**12.3%**	**12.6%**
Cash Flow from Investing Activities										
Fixed Assets	-$13,500	-$18,000	-$18,000	-$18,000	-$9,000	-0.4%	-0.3%	-0.3%	-0.2%	-0.2%
Total Cash Flow from Investing Activities	**-$13,500**	**-$18,000**	**-$18,000**	**-$18,000**	**-$9,000**	**-0.4%**	**-0.3%**	**-0.3%**	**-0.2%**	**-0.2%**
Cash Flow from Financing Activities										
Distributions	$0	-$26,215	-$202,905	-$297,905	-$158,575	0.0%	-0.4%	-2.8%	-4.0%	-4.1%
Data Sales	$0	-$3,645	-$5,055	-$1,300	$0	0.0%	-0.1%	-0.1%	0.0%	0.0%
Huntington	$0	-$1,640	-$2,275	-$585	$0	0.0%	0.0%	0.0%	0.0%	0.0%
US Bank	$0	-$1,094	-$1,517	-$390	$0	0.0%	0.0%	0.0%	0.0%	0.0%
Payment of BOW Princ	$0	-$190,782	-$264,582	-$276,737	-$71,148	0.0%	-3.1%	-3.7%	-3.7%	-1.8%
Payment of Secured Tax Princ	-$1,478	-$2,188	-$2,466	-$2,778	-$1,519	0.0%	0.0%	0.0%	0.0%	0.0%
Payment of Priority Tax Princ	-$6,071	-$9,469	-$11,321	-$13,536	-$7,731	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%
Total Cash Flow from Financing Activities	-$7,548	-$235,034	-$490,120	-$593,231	-$238,973	**-0.2%**	**-3.8%**	**-6.9%**	**-7.9%**	**-6.2%**
Net Cash Flow	**-$90,148**	**$23,151**	**$258,509**	**$317,617**	**$239,553**	**-2.6%**	**0.4%**	**3.6%**	**4.2%**	**6.2%**
Cash Balance										
Beginning	$590,646	$500,498	$523,649	$782,158	$1,099,775					
Net Cash Flow	-$90,148	$23,151	$258,509	$317,617	$239,553					
Ending Cash	**$500,498**	**$523,649**	**$782,158**	**$1,099,775**	**$1,339,328**					

Exhibit 2
Projected Financial Statements
Calculation of Creditor Distributions

	2017	2018	2018	2019	2019	2020	2020	2021	Total
	April to Dec	Jan - Jun	Jul - Dec	Jan - Jun	Jul - Dec	Jan - Jun	Jul - Dec	Jan - Jun	
Net Income after taxes	**$117,186**	**$130,247**	**$306,073**	**$379,769**	**$411,951**	**$476,195**	**$465,573**	**$493,056**	**$2,780,050**
Add:									
Depreciation	$13,500	$9,000	$9,000	$9,000	$9,000	$9,000	$9,000	$9,000	**$76,500**
Amortization	$0	$0	$0	$0	$0	$0	$0	$0	**$0**
Accrued Federal Taxes	$39,062	$43,416	$102,024	$126,590	$137,317	$158,732	$155,191	$164,352	**$926,683**
Less									
Secured Debt Payment									
Data Sales	$0	($1,201)	($2,444)	($2,499)	($2,556)	($1,300)	$0	$0	**($10,000)**
Huntington	$0	($541)	($1,100)	($1,125)	($1,150)	($585)	$0	$0	**($4,500)**
US Bank	$0	($360)	($733)	($750)	($767)	($390)	$0	$0	**($3,000)**
Bank of the West	$0	($62,881)	($127,901)	($130,806)	($133,776)	($136,815)	($139,922)	($71,148)	**($803,249)**
Taxing Authorities Secured	($1,478)	($1,061)	($1,127)	($1,196)	($1,270)	($1,348)	($1,431)	($1,519)	**($10,429)**
Taxing Authorities Priority	($6,071)	($4,523)	($4,946)	($5,408)	($5,913)	($6,466)	($7,070)	($7,731)	**($48,128)**
Convenience	$0	($16,886)	$0	$0	$0	$0	$0	$0	**($16,886)**
Chapter 11 Administration Expenes	$0	$0	$0	$0	$0	$0	$0	$0	**$0**
Admin / Lease	($100,000)	$0	$0	$0	$0	$0	$0	$0	**($100,000)**
Capital Expenditures	($13,500)	($9,000)	($9,000)	($9,000)	($9,000)	($9,000)	($9,000)	($9,000)	**($76,500)**
Actual Paid Federal Income Taxes	($39,062)	($43,416)	($102,024)	($126,590)	($137,317)	($158,732)	($155,191)	($164,352)	**($926,683)**
Total Adjustment	**($107,548)**	**($87,454)**	**($138,250)**	**($141,783)**	**($145,432)**	**($146,903)**	**($148,423)**	**($80,398)**	**($996,191)**
Adjusted Net Profit Amount	**$9,638**	**$42,793**	**$167,823**	**$237,986**	**$266,519**	**$329,292**	**$317,150**	**$412,658**	**$1,783,859**

Adjusted Net Profit Amount	**$9,638**	**$42,793**	**$167,823**	**$237,986**	**$266,519**	**$329,292**	**$317,150**	**$412,658**	**$1,783,859**
Allocation % .50%	**50%**	**50%**	**50%**	**50%**	**50%**	**50%**	**50%**	**50%**	**50%**
Net Allocation of Net Profits	**$4,819**	**$21,397**	**$83,912**	**$118,993**	**$133,259**	**$164,646**	**$158,575**	**$206,329**	**$891,930**
Payment in Feb	$4,819		$83,912		$133,259		$158,575		
Payment in August		$21,397		$118,993		$164,646		$206,329	

Exhibit 3
Peak Hosting
Projected March 1, 2017 Balance Sheet - Plan & Liquidation Analysis

	Chapter 7 Liquidation Analysis			
	March 1, 2017 Projection	**% Recovery**	**Amount**	**Notes**
Current Assets				
Cash	$676,257	100%	$676,257	1
Accounts Receivable	$300,000	70%	$210,000	2
Total Current Assets	**$976,257**		**$886,257**	
Fixed Assets				
Computer Equipment	$31,100	60%	$18,660	3
Vehicles	$37,240	60%	$22,344	4
Total Fixed Assets	**$68,340**	**60%**	**$41,004**	
Total Assets / Proceeds before MZ	**$1,044,597**		**$927,261**	

Notes

1 Cash is cash balance less ordinary course post petition payables and before payment of Chapter 11 administrative expenses

2 Accounts receivable is assumed to experience collection issues with the liquidation of the company.

3 Computer equipment would be liquidated via an auction or controlled sale. The discount is assumed to be approximately 40% off of the adjusted current fair market value.

4 Vehicles would be liquidated via an auction or controlled sale. The discount is assumed to be approximately 40% off of the current fair market value of the vehicles.

5 For purposes of the Liquidation Analysis, we have assumed no recovery from the MZ litigation.

Exhibit 3
Peak Hosting
Projected March 1, 2017 Balance Sheet - Plan & Liquidation Analysis

	Chapter 7			
	Claims	**Allocation**	**% Recovery**	**Notes**
Total funds to be allocated to secured creditors		**$927,261**		1
Data Sales Secured Lien Position	$10,000	$5,000	50%	2
Huntington Secured Lien Position	$4,500	$2,250	50%	2
US Bank Secured Lien Position	$3,000	$1,500	50%	2
BOW Secured Lien Position	$6,592,562	$918,511	14%	3
PSA 9 Litigation Loan	$1,500,000	$0	0%	4
PSA 9 DIP Loan, fees and interest	$550,000	$0	0%	5
Total Secured Balance and Interest	**$8,660,062**	**$927,261**	**11%**	
Remaining Funds Available		**$0**		
Other admin, priority and unsecured creditors				
Funds available for Chapter 7 and 11 administration	$0	$0	0%	6
Funds available for priority creditors	$0	$0	0%	7
Funds available for unsecured creditors	$0	$0	0%	7
Total funds for Other Admin, priority and unsecured	**$0**	**$0**	**0%**	
Remaining Funds Available		**$0**		

Notes

1 Ties to summary on liquidation of assets

2 Secured creditors will receive the liquidation proceeds from their respective collateral

3 Bank of the West loan calls for a 4.5% interest rate. For purposes of the liquidation analysis we have assumed 1 year of interest.

4 The debtor in possession loan from PSA #9 was to fund the MZ litigation.

5 The debtor in possession loan from PSA #9 was to fund the operations of the company.

6 There will be no funds to pay any Chapter 7 Trustee fees or related costs and no funds to pay administration fees for Chapter 11 professionals or related cost.

7 There will be no funds distribution to priority or unsecured creditors in a liquidation

CERTIFICATE OF SERVICE

I hereby certify that the foregoing **DEBTOR'S REVISED SECOND AMENDED DISCLOSURE STATEMENT (~~JANUARY 31~~FEBRUARY 10, 2017)** was served on the parties indicated as "ECF" on the attached List of Interested Parties by electronic means through the Court's Case Management/Electronic Case File system on the date set forth below.

In addition, the parties indicated as "Non-ECF" on the attached List of Interested Parties were served by mailing a copy thereof in a sealed, first-class postage prepaid envelope, addressed to each party's last-known address and depositing in the U.S. mail at Portland, Oregon on the date set forth below.

DATED this ~~31st~~ 10th day of ~~January~~February, 2017.

TONKON TORP LLP

By */s/ Timothy J. Conway*
Timothy J. Conway, OSB No. 851752
Ava L. Schoen, OSB No. 044072
Attorneys for Peak Web LLC

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LIST OF INTERESTED PARTIES

In re Peak Web LLC
U.S. Bankruptcy Court Case No. 16-32311-pcm11

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Attorneys for Debtor

UNITED STATES BANKRUPTCY COURT

DISTRICT OF OREGON

In re Peak Web LLC, Debtor.	Case No. 16-32311-pcm11 **DEBTOR'S REVISED SECOND AMENDED DISCLOSURE STATEMENT (FEBRUARY 10, 2017)**

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I. INTRODUCTION AND SUMMARY

A. INTRODUCTION

On June 13, 2016 (the "Petition Date"), Peak Web LLC ("Debtor," "Peak," or the "Company") filed a voluntary petition under Chapter 11 of Title 11 of the United States Bankruptcy Code (the "Bankruptcy Code"). On February 10, 2017, Debtor filed this Revised Second Amended Disclosure Statement (the "Disclosure Statement") with the U.S. Bankruptcy Court for the District of Oregon (the "Bankruptcy Court") and its Second Amended Plan of Reorganization (the "Plan"). A copy of the Plan is attached hereto as **Exhibit 1**.

This Disclosure Statement is being provided to you by Debtor to enable you to make an informed judgment about the Plan. This Disclosure Statement has been prepared to disclose information that in Debtor's opinion is material, important, and helpful to evaluate the Plan. Among other things, this Disclosure Statement describes the manner in which Claims and Equity Securities will be treated. This Disclosure Statement summarizes the Plan, explains how the Plan will be implemented, outlines the risks of and alternatives to the Plan, and outlines the procedures involved in confirmation of the Plan. The description of the Plan contained in this Disclosure Statement is intended as a summary only and is qualified in its entirety by reference to the Plan itself. If any inconsistency exists between the Plan and this Disclosure Statement, the terms of the Plan shall control. You are urged to review the Plan and, if applicable, consult with your own counsel about the Plan and its impact on your legal rights before voting on the Plan.

Capitalized terms used but not defined in this Disclosure Statement shall have the meanings assigned to such terms in the Plan or the Bankruptcy Code. Factual information contained in this Disclosure Statement is the representation of Debtor only and not of its attorneys, consultants or accountants. The information has been obtained from the books and records of Debtor as well as other sources deemed reliable. Debtor has prepared

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the information contained herein in good faith, based on information available to Debtor. The information herein has not been subject to a verified audit. No representation concerning Debtor or the Plan is authorized by Debtor other than as set forth in this Disclosure Statement.

The statements contained in this Disclosure Statement are made as of the date hereof, unless another time is specified herein, and the delivery of this Disclosure Statement shall not imply that there has been no change in the facts set forth herein since the date of this Disclosure Statement and the date the material relied on in preparation of this Disclosure Statement was compiled.

This Disclosure Statement may not be relied on for any purpose other than to determine how to vote on the Plan. Nothing contained herein shall constitute an admission of any fact or liability by any party, or be admissible in any proceeding involving Debtor or any other party, or be deemed advice on the tax or other legal effects of the Plan on the holders of Claims or Equity Securities.

This Disclosure Statement has been approved by Order of the Bankruptcy Court as containing information of a kind and in sufficient detail to enable a hypothetical reasonable investor typical of holders of Claims or Equity Securities of relevant classes to make an informed judgment concerning the Plan. The Bankruptcy Court's approval of this Disclosure Statement, however, does not constitute a recommendation by the Bankruptcy Court either for or against the Plan.

The Bankruptcy Court has scheduled a hearing on confirmation of the Plan to commence on ____________________, 2017 at _____________ Pacific time. That hearing will be held at the U.S. Bankruptcy Court for the District of Oregon, 1001 SW Fifth Avenue, Courtroom 1, Portland, Oregon 97204, before the Honorable Peter C. McKittrick. The hearing on confirmation may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement made at the hearing on any adjournment thereof.

A ballot has been enclosed with this Disclosure Statement for use in voting on the Plan. In order to be tabulated for purposes of determining whether the Plan has been accepted or rejected, ballots must be received at the address indicated on the ballot no later than 4:00 p.m. on _______________, 2017. Debtor believes that confirmation of the Plan is in the best interests of the holders of Claims and urges you to accept the Plan.

This Disclosure Statement contains projected financial information and estimates that demonstrate the feasibility of the Plan of Reorganization and Peak's ability to continue operations upon emergence from proceedings under the Bankruptcy Code. Peak prepared such information for the limited purpose of furnishing information to Creditors to allow them to make an informed judgment regarding acceptance of the Plan of Reorganization. The projections and estimates of value should not be regarded for the purpose of this Disclosure Statement as representations or warranties by Peak as to the accuracy of such information or that any such projections or valuations will be realized. Actual results could vary significantly from these projections.

B. SUMMARY OF THE PLAN

A copy of the Plan is attached hereto as **Exhibit 1** and discussed in detail later in this Disclosure Statement. The following description of the Plan is intended as a summary only and is qualified in its entirety by reference to the Plan. Debtor urges each holder of a Claim to carefully review the Plan, together with this Disclosure Statement, before voting on the Plan.

The Plan establishes a Litigation Trust into which Debtor's claims in the Machine Zone Litigation, Debtor's assets related to the Machine Zone Litigation, Debtor's claims against other parties, and claims for avoidance and recovery under Chapter 5 of the Bankruptcy Code will be placed. The Machine Zone Litigation is described in Sections III.C

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and V.D. of this Disclosure Statement. Proceeds, if any, from the Litigation Trust Assets will be paid to Creditors in the same priority as provided in the Bankruptcy Code. As of the date of this Disclosure Statement, the total amount of Claims filed by Creditors, scheduled by Debtor, or expected to be incurred as administrative expenses that will have claims against the Litigation Trust Assets is approximately $62,000,000. Additional Rejection Claims or other Claims may be filed by creditors once all equipment is returned and Creditors have amended their Claims or filed Rejection Claims. If Debtor is successful on its claims in the Machine Zone Litigation, then all Allowed Claims of Creditors will be paid in full. If Debtor is not successful in its litigation against Machine Zone or the liquidation of other assets transferred into the Litigation Trust, then the recovery to Creditors will be significantly diminished. In that event, the source of payments will be from Reorganized Debtor.

With respect to payments from Reorganized Debtor, each Unsecured Creditor will receive a Pro Rata share of 50% of the Adjusted Net Income of Reorganized Debtor on a semi-annual basis for four years. The other 50% of Adjusted Net Income of Reorganized Debtor will be available for distribution to Reorganized Debtor's Series A Preferred Unit holders and then to Common Unit holders or be retained and reinvested in the company for future operations. "Adjusted Net Income" is defined as Reorganized Debtor's Adjusted Net Income from operations measured over a semi-annual calendar period after certain deductions and adjustments as defined in the Plan. Debtor's projections of the amounts available to be paid to Unsecured Creditors from the Adjusted Net Income of Reorganized Debtor are attached hereto as **Exhibit 2.**

Alternatively, Creditors with Allowed Claims may elect to convert their debt into equity in the form of Common Units in Reorganized Debtor as described in detail below and in the Plan. Any debt converted to equity will no longer be entitled to distributions from the Litigation Trust or debt payments from Reorganized Debtor. Until equipment vendors file their amended Claims after the return and liquidation of their equipment and Creditors

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have made an equity election, Debtor is unable to estimate the total amount of Unsecured Claims of Creditors who will receive a Pro Rata share of Adjusted Net Income, however the final percentage distribution to each Creditor from Reorganized Debtor's operations is likely to be small. As of the date of this Disclosure Statement, the total amount of Unsecured Claims scheduled by Peak or filed by Creditors is approximately $55,000,000, including the claim of Machine Zone in the approximate amount of $23,000,000. The total number of unsecured creditors who have filed claims or were scheduled by Debtor is approximately 110.

C. BRIEF EXPLANATION OF CHAPTER 11

Chapter 11 is the principal reorganization provision of the Bankruptcy Code. Pursuant to Chapter 11, a debtor attempts to reorganize its business for the benefit of Debtor, its creditors, and other parties in interest.

The formulation and confirmation of a plan of reorganization is the principal purpose of a Chapter 11 case. A plan of reorganization sets forth the method for compensating the holders of claims and interests in Debtor. If the plan is confirmed by the Bankruptcy Court, it will be binding on Debtor, its creditors, and all other parties in interest. A claim or interest is impaired under a plan of reorganization if the plan provides that the legal, equitable, or contractual rights of the holder of such claim or interest are altered. A holder of an impaired claim or interest is entitled to vote to accept or reject the plan. Chapter 11 does not require all holders of claims and interests to vote in favor of a plan in order for the Bankruptcy Court to confirm it. However, the Bankruptcy Court must find that the plan meets a number of statutory tests before it may approve the plan. These tests are designed to protect the interests of holders of claims or interests who do not vote to accept the plan, but who will nonetheless be bound by the plan's provisions if it is confirmed by the Bankruptcy Court.

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An Unsecured Creditors' Committee was appointed by the U.S. Trustee's office early in this case pursuant to 11 U.S.C. §§ 1102(a) and (b). The Committee was appointed to generally represent the interests of General Unsecured Creditors and to participate in Debtor's Chapter 11 case with respect to, among other things, the formulation of a plan of reorganization. The Committee is comprised of:

Themesoft, Inc. (Co-Chair)
c/o Sasikanth Nagasubramaniam
13601 Preston Rd., Suite W860
Dallas, TX 75240

MOD Mission Critical (Co-Chair)
c/o Michael Hollander
4950 South Yosemite St., #F2-367
Greenwood Village, CO 80111

Gregory M. Rodriguez
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San Antonio, TX 78248

Intervision Systems
c/o Jon Greco
2270 Walsh Ave.
Santa Clara, CA 95050

Lightower Fiber Networks
c/o Scot M. Callahan
80 Central St.
Boxborough, MA 01719

The Committee has retained Brad T. Summers of Ball Janik LLP, 101 SW Main St., Suite 1100, Portland, OR 97204, as its lead counsel.

II. VOTING PROCEDURES AND CONFIRMATION OF PLAN

A. BALLOTS AND VOTING DEADLINE

A ballot to be used for voting to accept or reject the Plan is enclosed with each copy of this Disclosure Statement. After carefully reviewing this Disclosure Statement and its exhibits, including the Plan, please indicate your acceptance or rejection of the Plan by voting in favor or against the Plan on the enclosed ballot as directed below.

The Bankruptcy Court has directed that, to be counted for voting purposes, ballots for the acceptance or rejection of the Plan must be received by Debtor no later than 4:00 p.m. Pacific time on ___________, 2017 at the following address:

Tonkon Torp LLP,
Attention: Spencer Fisher
1600 Pioneer Tower
888 SW Fifth Avenue
Portland, OR 97204-2099

or via facsimile transmission to Spencer Fisher at (503) 972-3867.

Holders of each Claim scheduled by Debtor or with respect to which a Proof of Claim has been filed will receive ballots and are permitted to vote based on the amount of the Proof of Claim, except as discussed below. If no Proof of Claim has been filed, then the vote will be based on the amount scheduled by Debtor in its Schedules. The Bankruptcy Code provides that such votes will be counted unless the Claim has been disputed, disallowed, disqualified, or suspended prior to computation of the vote on the Plan. A Claim to which an objection has been filed is not allowed to vote unless and until the Bankruptcy Court rules on the objection. Holders of disputed Claims who have settled their dispute with Debtor are entitled to vote the settled amount of their Claim. The Bankruptcy Code and rules provide that the Bankruptcy Court may, if timely requested to do so by the holder of such Claim, estimate or temporarily allow a disputed Claim for the purposes of voting on the Plan.

If a person holds Claims in more than one Class entitled to vote on the Plan, such person will be entitled to complete and return a ballot for each Class. If you do not receive a ballot or if a ballot is damaged or lost, please contact:

Tonkon Torp LLP
Attention: Spencer Fisher
1600 Pioneer Tower
888 SW Fifth Avenue
Portland, OR 97204-2099
Telephone: (503) 802-2167

All persons entitled to vote on the Plan may cast their vote for or against the Plan by completing, dating, and signing the enclosed ballot and returning it, by First Class mail or hand delivery, to Debtor at the address indicated above. In order to be counted, all ballots must be executed and received at the above address no later than 4:00 p.m. Pacific time on _________________, 2017. Any ballots received after 4:00 p.m. Pacific time on ______________________, 2017 will not be included in any calculation to determine whether the parties entitled to vote on the Plan have voted to accept or reject the Plan.

Ballots may also be received by Debtor by facsimile transmission to Tonkon Torp LLP, Attention: Spencer Fisher, at (503) 972-3867. Ballots sent by facsimile transmission will be counted if faxed to Mr. Fisher and received by 4:00 p.m. Pacific time on __________________, 2017.

WHEN A BALLOT IS SIGNED AND RETURNED WITHOUT FURTHER INSTRUCTION REGARDING ACCEPTANCE OR REJECTION OF THE PLAN, DEBTOR WILL SEEK THAT THE SIGNED BALLOT SHALL BE COUNTED AS A VOTE ACCEPTING THE PLAN. WHEN A BALLOT IS RETURNED INDICATING ACCEPTANCE OR REJECTION OF THE PLAN BUT IS UNSIGNED, THE UNSIGNED BALLOT WILL NOT BE INCLUDED IN ANY CALCULATION TO DETERMINE WHETHER PARTIES ENTITLED TO VOTE ON THE PLAN HAVE VOTED TO ACCEPT OR REJECT THE PLAN. WHEN A BALLOT IS RETURNED WITHOUT INDICATING THE AMOUNT OF THE CLAIM OR INDICATING AN INACCURATE AMOUNT, THE AMOUNT SHALL BE AS SET FORTH ON DEBTOR'S SCHEDULES OR ANY PROOF OF CLAIM FILED WITH RESPECT TO SUCH CLAIM OR ORDER OF THE BANKRUPTCY COURT.

B. PARTIES ENTITLED TO VOTE

Pursuant to Section 1126 of the Bankruptcy Code, each Class of impaired Claims or Equity Security Holders that is not deemed to reject the Plan is entitled to vote to accept or reject the Plan. Any holder of an Allowed Claim that is in an impaired Class under the Plan, and whose Class is not deemed to reject the Plan, is entitled to vote. A Class is "impaired" unless the legal, equitable, and contractual rights of the holders of Claims in that Class are left unaltered by the Plan or if the Plan reinstates the Claims held by members of such Class by (1) curing any defaults; (2) reinstating the maturity of such Claim; (3) compensating the holder of such Claim for damages that result from the reasonable reliance on any contractual provision or law that allows acceleration of such Claim; and (4) otherwise leaving unaltered any legal, equitable, or contractual right of which the Claim entitles the holder of such Claim. Because of their favorable treatment, Classes that are not impaired are conclusively presumed to accept the Plan. Accordingly, it is not necessary to solicit votes from the holders of Claims in Classes that are not impaired. Classes of Claims or Interests that will not receive or retain any money or property under a Plan on account of such Claims or Interests are deemed, as a matter of law under Section 1126(g) of the Bankruptcy Code, to have rejected the Plan and are likewise not entitled to vote on the Plan. Classes 1 through 10 are impaired under Debtor's Plan; Class 11 is unimpaired under Debtor's Plan.

C. VOTES REQUIRED FOR CLASS ACCEPTANCE OF THE PLAN

As a condition to confirmation, the Bankruptcy Code requires that each impaired Class of Claims or Interests accept the Plan, subject to the exceptions described below in the section entitled "Cram Down of the Plan." In a "Cram Down," at least one impaired Class of Claims must accept the Plan in order for the Plan to be confirmed.

For a Class of Claims to accept the Plan, Section 1126 of the Bankruptcy Code requires acceptance by Creditors that hold at least two-thirds in dollar amount and a majority in number of the Allowed Claims of such Class, in both cases counting only those Claims actually voting to accept or reject the Plan. The holders of Claims who fail to vote are not counted as either accepting or rejecting the Plan. If the Plan is confirmed, the Plan

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will be binding with respect to all holders of Claims and Interests in each Class, including Classes and members of Classes that did not vote or that voted to reject the Plan.

D. "CRAM DOWN" OF THE PLAN

If the Plan is not accepted by all of the impaired Classes of Claims and Interests of Debtor, the Plan may still be confirmed by the Bankruptcy Court pursuant to Section 1129(b) of the Bankruptcy Code's "Cram Down" provision if the Plan has been accepted by at least one Impaired Class of Claims, without counting the acceptances of any Insiders of Debtor, and the Bankruptcy Court determines, among other things, that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to each non-accepting Impaired Class of Claims or Interests. Debtor believes the Plan can be confirmed even if it is not accepted by all impaired Classes of Claims and hereby requests the Bankruptcy Court to confirm the Plan in accordance with Section 1129(6) of the Bankruptcy Code or otherwise modify the Plan in the event any Class of Creditors does not accept the Plan.

E. CONFIRMATION HEARING

The Bankruptcy Court has scheduled a hearing on confirmation of the Plan to commence on ____________________, 2017, at _________ Pacific time. The confirmation hearing will be held at the U.S. Bankruptcy Court for the District of Oregon, Courtroom 1, 1001 SW Fifth Avenue, Portland, Oregon, before the Honorable Peter C. McKittrick, United States Bankruptcy Judge. At the hearing, the Bankruptcy Court will consider whether the Plan satisfies the various requirements of the Bankruptcy Code, including whether it is feasible and whether it is in the best interests of the Creditors of Debtor. Prior to the hearing, Debtor will submit a report to the Bankruptcy Court concerning the votes for acceptance or rejection of the Plan by the persons entitled to vote thereon.

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of the Plan. Any objections to confirmation of the Plan must be

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made in writing and filed with the Bankruptcy Court and received by counsel for Debtor and counsel for the Committee no later than ________________, 2017, by 4:00 p.m. Pacific time. Unless an objection to confirmation is timely filed and received, it will not be considered by the Bankruptcy Court.

III. COMPANY BACKGROUND AND INFORMATION

A. DEBTOR

Peak is a California limited liability company authorized to transact business in various jurisdictions, including the State of Oregon, and is headquartered in Oregon.

Peak provides managed hosting and consulting services. Peak started out as just a consulting company offering managed hosting solutions and helping businesses understand and tackle the technical side of their operations. Over time, Peak evolved into a true Operations-as-a-Service provider, melding its technical expertise and skills to completely identify, architect, build out, and maintain hosting networks. It takes care of all the technical needs. As its motto says, "Everything but your code ®." Peak has provided the servers, storage, network, datacenter, and staff for some of the largest online businesses. Peak's hosting business is essentially a "cloud" service provider for companies that do not want to build out an operations department to run all of these elements themselves.

Peak uses its confidential and proprietary trade secret technology and know-how to create network architectures that support the growth and volume of user data exchanged, stored, and processed through its clients' network applications. The complex network architectures are designed and built by Peak and have thousands of physical components and corresponding software that are uniquely configured to operate online applications at high rates of speed without latency, jitters, corruption, or failure. Peak developed its trade secret network architecture over more than fifteen years, with tens of thousands of engineering and architectural hours, and millions of dollars invested in its research and development.

B. DEBTOR'S GROWTH

Peak was founded by Jeffrey Papen in 2001. Over the course of thirteen years, Peak's revenue grew to approximately $1 million per month. Starting in 2013, a single customer, Machine Zone, Inc. ("Machine Zone"), grew Peak to $5 million in revenue per month over a 14-month period. To support its work for Machine Zone, Peak purchased over $35 million in hardware (approximately $25 million of which was personally guaranteed by Mr. Papen) and significantly increased its staff. By 2015, Peak employed approximately 185 people. Peak's equipment purchases and employee growth was done in reliance on Machine Zone's promise to pay the monthly recurring network hosting charges through 2017.

C. MACHINE ZONE LITIGATION

Machine Zone is the developer of Game of War and Mobile Strike, mobile gaming apps that are played by millions of people around the world who talk, collaborate, and compete in an expansive virtual environment 24 hours a day, seven days a week, using their handheld devices. Although free to download, the game is designed to encourage players to make in-game purchases to gain power and more quickly advance through the game. Game of War was an instant success and is one of the top grossing mobile gaming apps, generating millions of dollars in revenue per day and $600 million annually. Machine Zone grew rapidly and had a purported valuation of at least $10 billion.

Peak believes its network architecture is particularly valuable to Machine Zone because of Peak's thousands of unique design choices, configurations, and command codes that improve Game of War's speed and reliability, both of which are critical to Game of War's success and profitability.

Pursuant to the parties' written non-disclosure and network hosting agreements, Peak permitted Machine Zone to run Game of War using Peak's proprietary and trade secret network architecture while the parties' hosting contract was in effect. In

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exchange, Machine Zone agreed to pay Peak monthly recurring charges of approximately $4.08 million through at least October 1, 2017. Machine Zone also agreed that if it terminated the agreement early for convenience, Machine Zone was required to pay the remaining recurring monthly payments through the full term of the agreement and to cease using Peak's proprietary and trade secret architecture. Peak believes that shortly after the parties executed an extended network hosting agreement in February 2015, Machine Zone induced Peak to allow Machine Zone to copy its trade secret network architecture by falsely representing that it was building a back-up data center in Las Vegas to serve as a disaster recovery to Peak's primary data center in Dallas. Machine Zone disputes this. Pursuant to Machine Zone's representations and subject to the limitations in the parties' written agreements, Peak provided Machine Zone with its trade secret network topology, configurations, command codes, and other confidential know-how that, Peak believes, Machine Zone copied to build an identical network architecture in Machine Zone's Las Vegas data center.

On October 27, 2015, Peak contends that a previously unknown and undocumented Cisco Systems, Inc. ("Cisco") software bug caused a Cisco Nexus switch in Peak's network system to malfunction, resulting in a Game of War outage. Cisco, a third-party vendor, with the help of Peak, immediately began an investigation to determine what triggered, and how to fix, the previously unknown Cisco bug. Cisco confirmed in writing that the outage was Cisco's fault and caused by the software bug ID CSCux02122 in its Nexus switch. Cisco has since released a software patch to fix the bug. The agreement between Peak and Machine Zone expressly provides that: (1) Peak is not responsible for network outages caused by vendor software bugs, and (2) a single outage is not grounds to terminate the agreement. Nevertheless, on October 28, 2015, the day after the network outage, and without knowing what caused the outage, Peak contends that Machine Zone notified Peak it was terminating the agreement, claiming that Peak had materially breached the agreement due to the October 27th outage. Peak believes Machine Zone terminated the agreement early and without cause because it had already obtained and used Peak's trade secrets, confidential information, and technical know-how to duplicate Peak's network system and manage its network operations in-house. Machine Zone disputes this.

Machine Zone gave formal written notice of termination on October 29, 2015, but demanded that Peak continue to host Game of War through Peak's Dallas data center until December 27, 2015. Peak believes this gave Machine Zone sufficient time to transfer Game of War to its Las Vegas data center without incurring significant revenue loss by taking the game offline for several weeks. Although Peak could have shut down Game of War's network operations after being wrongfully terminated, costing Machine Zone tens of millions of dollars in lost revenue, Peak continued to provide network hosting services in good faith until December 27, 2015. In doing so, Peak incurred significant dollars in overhead costs which otherwise would not have been incurred. Machine Zone accepted these services but concealed for months that it never intended to pay Peak the money owed for network hosting services from October 1 through December 27, 2015, despite continuing to accept Peak's performance of its services and generate millions of dollars a day by using Peak's trade secrets and confidential know-how in Machine Zone's Las Vegas data center.

Machine Zone was 80% of Peak's business, and Peak relied on Machine Zone's promise to pay the remaining $4.08 million per month in recurring network hosting charges through the full term of the agreement. In addition to the amounts owed for October through December 27, 2015, the agreement provides that because Machine Zone terminated the agreement early and for convenience, Machine Zone must pay Peak the amounts owed for the remaining term of the agreement (from the date of termination through October 1, 2017), for a total in excess of $100 million in damages. Under the contract, Peak is also entitled to pre-judgment interest at the rate of 10% per annum and to recover its attorneys' fees in the suit. Further, although the agreement requires Machine Zone to cease all use of

Peak's trade secrets and confidential information upon termination of the agreement regardless of whether it was terminated for cause or convenience, Peak believes Machine Zone is continuing to use Peak's trade secrets and confidential information without authorization. Finally, based on its investigation, Peak also believes that Machine Zone breached other provisions of the agreement, including provisions related to the use of confidential information and to the payments owed on the equipment purchased by Peak to perform the contract. Peak believes that these breaches, as well as the misrepresentations that Machine Zone made, provide separate and additional grounds for seeking substantial damages from Machine Zone.

On November 25, 2015, Machine Zone filed a complaint against Peak in the Superior Court of California, County of Santa Clara, Case No. 1-15-cv-288498. Machine Zone alleges causes of action for: (1) Breach of Contract; (2) Declaratory Relief of Right to Terminate MSA; (3) Breach of Covenant of Good Faith and Fair Dealing; (4) Fraudulent Inducement; (5) Rescission; (6) Negligent Misrepresentation; and (7) Promissory Estoppel. Machine Zone alleges that Peak Hosting's network architecture failed to meet industry standards, causing Game of War to have numerous network outages. Machine Zone is seeking $23 million in compensatory and consequential damages based on the amounts paid to Peak Hosting prior to its termination notice.

On December 3, 2015, Peak filed its complaint against Machine Zone and Epic War in the complex department of the Superior Court of California, County of Santa Clara, Case No. 1-15-cv-288681. Peak alleges causes of action for: (1) Misappropriation of Trade Secrets; (2) Breach of Contract; (3) Breach of the Implied Covenant of Good Faith and Fair Dealing; (4) Negligent Misrepresentation; (5) Fraudulent Inducement; (6) Unfair Competition; (7) Promissory Estoppel; (8) Conversion; and (9) Declaratory Relief. Peak alleges that Machine Zone's claims that Peak materially breached the Agreement was a pretext for Machine Zone's decision to terminate the Agreement after building its own data

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center using Peak's trade secrets and confidential know-how. Peak seeks to recover more than $100 million in damages and other relief, including $97.3 million in liquidated damages under the contract as well as millions of dollars in pre-judgment interest and contractual attorneys' fees. Peak also seeks substantial additional monetary and injunctive relief, including disgorgement of profits, based on its claim that Machine Zone and Epic War misappropriated Peak's trade secrets to facilitate and expedite Machine Zone's transition to a new data center in Las Vegas.

On December 4, 2015, Peak offered to consolidate the two actions in the Superior Court's complex civil Litigation department, and proposed the parties stipulate to maintaining the status quo and preserving all rights while they attempted to mediate the dispute. On December 23, 2105, Machine Zone stipulated to consolidation of the actions. On January 4, 2016, the Superior Court issued an order deeming the cases complex within the meaning of California Rule of Court 3.400. As such, the cases would have a single judge for all purposes, including trial, and since the judge only handles complex civil litigation, the trial date would not be postponed due to priority of criminal trials, which frequently occurs in other civil departments.

On January 15, 2016, the Superior Court issued an order consolidating the cases in the complex department. The same day Peak served its trade secret disclosure statement with notice to Machine Zone that it intended to appear *ex parte* on January 20, 2016 for hearing on Peak's application for Temporary Restraining Order ("TRO") and Writ of Attachment ("Writ"). On January 20, 2106, the Superior Court held a hearing on Peak's TRO and Writ. The Court denied the TRO and Writ without prejudice, and set an early hearing on Peak's motion for preliminary injunction and permitted limited discovery concerning Peak's trade secret claims subject to any objections by Machine Zone to Peak's trade secret disclosure statement. The Court also suggested that the parties pursue an earlier mediation. Machine Zone agreed to mediation, and on March 8, 2016, the parties attended mediation with the Hon. James Kleinberg (Ret.) at JAMS. The parties did not reach a settlement.

On March 25, 2016, the parties attended the Initial Case Management Conference ("CMC"). At the CMC, Peak stated it would take its motion for preliminary injunction off calendar if the Superior Court lifted the stay on discovery and set an early March 6, 2017 trial date. Machine Zone objected to setting a trial date, and instead requested phased discovery and motion practice limited to Peak's trade secret claims. The Superior Court adopted Peak's request and set trial for March 6, 2017, lifting the stay on all discovery, which was to proceed in accordance with the California Code of Civil Procedure. Thereafter, the parties exchanged and responded to extensive written discovery, including form and special interrogatories, requests for production, and requests for admission. The parties also subpoenaed Cisco, which is located in Northern California and thus within the state court's jurisdiction, for documents and depositions related to the Cisco software bug.

Using outside eDiscovery vendors, the parties engaged in collecting the substantial volume of electronically stored information ("ESI") from numerous custodians and datasets, and agreed to produce documents pursuant to mutually agreeable search terms. The parties extensively met and conferred with Cisco's retained counsel to obtain responsive documents and deposition dates regarding one of the central liability issues in the case. The parties also met and conferred on issues related to party discovery, and after Peak served an amended trade secret disclosure statement to address Machine Zone's objections, the parties agreed to proceed while reserving right to avoid burdening the Superior Court with discovery disputes. When Peak filed for bankruptcy, the parties were in the process of preparing to produce documents and schedule depositions, including Cisco's deposition following Cisco's production. The status of the litigation following the bankruptcy filing is further described below.

As a result of Machine Zone's departure, Peak's business needs dramatically changed. For example, Peak initially reduced its work force from approximately 185 people to less than 50 people; it consolidated its data centers from five to one; it has had to spend considerable time analyzing its current equipment needs and returning equipment it no longer required; and it moved out of its prior office space.

Mr. Papen and others at Peak have spent and continue to spend significant time participating in the litigation with Machine Zone and pursuing a judgment against Machine Zone.

D. CORPORATE OFFICERS, DIRECTORS AND MANAGEMENT TEAM

Peak's management team is currently comprised of (1) Jeffrey Papen, Chief Executive Officer and founder; (2) Jon Billow, President and Chief Technology Officer; and (3) Lisa Bunday, Chief Financial Officer; all of whom are located in Oregon. Post-confirmation, Mr. Billow will serve as the President and principal active manager of Reorganized Debtor. Mr. Papen will not be part of the management team or receive a salary but will continue to be involved in the company to generate sales and to focus on the Machine Zone Litigation. To the extent Mr. Papen generates sales, he is expected to receive a commission on the same basis as other sales personnel. Sales commissions are generally calculated at 10% of net revenue received on a contract-by-contract basis.

Mr. Billow is responsible for leading Peak in developing an effective strategic plan to advance its mission and objectives. He provides leadership for all aspects of the company, including product, system, network, software, customer engineering, sales and marketing, and operations. His experience in ensuring production efficiency, quality, service, and cost-effective management of resources is critical to the ongoing success of Peak.

Mr. Billow is an experienced executive leader with over 20 years' success as a C-level executive with companies such as Vircon, Reipan, CPP, and NameSecure.com.

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Additionally, he has built and sold several IT consultancy companies and worked with many Fortune 100 companies. Mr. Billow received his master's and bachelor's degrees in Information Systems from Corlins University. He served in the U.S. Army as a second lieutenant in the 75th Regiment, 3rd Ranger Battalion. Mr. Billow will remain as President of Reorganized Debtor, be issued equity of 500 Common Units and be paid an annual compensation of $280,000, plus $50,000 available as incentive bonuses for achieving revenue and profitability thresholds. All Debtor's employees are at-will employees. Reorganized Debtor's new equity holders will have the authority to appoint or change management in accordance with the terms of the LLC Agreement and consistent with the objectives of the Plan, meaning that Reorganized Debtor's objective must remain to implement the Plan and make required payments to creditors. There are no retiree benefits to be paid by Reorganized Debtor.

IV. EVENTS LEADING TO THE BANKRUPTCY FILING

Peak's bankruptcy filing was precipitated by Machine Zone's actions, and the resulting financial loss to Peak, as described above.

As a result of Machine Zone's actions, and before filing its Bankruptcy Case, Peak made significant cuts in staffing and worked to negotiate payment plans and/or the return of equipment with many of its lenders and lessors. However, it was unable to reach agreements with all of its lessors and lenders, and could not afford to continue making payments on the equipment it leased or financed to support its former customer, Machine Zone. Machine Zone, for its part, breached its obligations to negotiate in good faith to take over Peak's payments to the lenders and lessors. As a result, Peak filed for Chapter 11 bankruptcy protection.

V. SIGNIFICANT POST-PETITION EVENTS

A. FIRST DAY MOTIONS

Early in the case, Peak obtained a number of Bankruptcy Court orders designed to ensure a smooth transition through Chapter 11. These orders authorized Peak to, among other items, pay employees, make utility deposits, and obtain funds for continued operations. Peak obtained court approval to use the cash collateral of Bank of the West to pay the ongoing Chapter 11 expenses through cash collateral orders. The Court entered an Interim Order Authorizing the Use of Cash Collateral on June 15, 2016 and a Final Order Authorizing the Use of Cash Collateral on August 4, 2016.

B. DEBTOR-IN-POSSESSION LOANS

As part of its early transition into bankruptcy, Peak also obtained post-petition financing to support business operations and fund the out-of-pocket costs associated with the Machine Zone Litigation. A detailed description of these two loans can be found at bankruptcy docket numbers 207 and 220 or by contacting counsel for Peak. A summary of the material terms of the loans is as follows:

1. Operating Loan

Peak entered into an agreement with PSA 9, LLC ("PSA 9") whereby PSA 9 agreed to loan Peak up to $500,000 to support Peak's operations as set forth in the Final Order Authorizing Debtor to Obtain Unsecured Credit Pursuant to Bankruptcy Rule 4001 (Operating Loan) [ECF No. 207] ("Operating Loan"). PSA 9 is owned by Vernon Ventures, LLC, which is the sole member and sole manager of PSA 9. Vernon Ventures, LLC is solely owned by Joyce Chang, who is the wife of the owner of the entity that owns a 20% interest in Peak. Peak has drawn the entire $500,000 of the Operating Loan from PSA 9.

Pursuant to the terms of Peak's agreement with PSA 9, PSA 9 has an unsecured Administrative Expense Claim under Section 503(b)(1) of the Bankruptcy Code, which shall be subject and subordinate only to (a) unpaid fees of the U.S. Trustee pursuant to

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11 U.S.C. § 1930(a), and (b) unpaid Administrative Expense Claims for professional fees and expenses to the extent allowed pursuant to 11 U.S.C. § 330 and incurred prior to the entry of any order converting this case to a case under Chapter 7 of the Bankruptcy Code. The Operating Loan stated that it may be converted to equity in Reorganized Debtor upon confirmation of a plan of reorganization. Debtor's Plan provides the terms for conversion of the Operating Loan to new preferred equity in Reorganized Debtor.

2. Litigation Loan

As described below, Peak is represented by Susman Godfrey and Ropers Majeski in its litigation with Machine Zone. Susman Godfrey is being paid on a contingent fee basis; Ropers Majeski is being paid by Peak's insurer. Although Peak is not obligated to pay its legal fees in the litigation as they are incurred, it is obligated to pay out-of-pocket costs incurred by Susman Godfrey as they are incurred. Accordingly, Peak entered into an agreement with PSA 9 whereby PSA 9 agreed to loan Peak up to $1.5 million to cover Peak's out-of-pocket costs and expenses in the litigation. On August 9, 2016, the Bankruptcy Court entered a Final Order Authorizing Debtor to Obtain First Priority Secured Credit (Litigation Loan) [ECF No. 220] (the "Litigation Loan"). As Debtor has represented to the Court, once funds become available to Mr. Papen, the Debtor intends to seek Court approval for Mr. Papen to participate in the Litigation Loan by loaning his personal funds to Peak. Although there was no written agreement between PSA 9 and Mr. Papen, it was the expectation of the parties that Mr. Papen would fund a portion of the Litigation Loan once his divorce was finalized, which Debtor anticipates will occur soon. PSA 9 has no other relationship with Mr. Papen. The Litigation Loan funds will enable Peak's legal counsel to properly prepare the prosecution and defense of the litigation in a timely manner.

Pursuant to the terms of the Litigation Loan, PSA 9 obtained a perfected, first-position security interest and continuing lien on Peak's right, title, and interest in the Machine Zone Litigation, which lien is prior to any and all other liens. To date, Peak has drawn $200,000 of the Litigation Loan from PSA 9. The Litigation Loan will be transferred to the Litigation Trust and be paid as a Secured Creditor from the proceeds of the Machine Zone Litigation or, if sufficient proceeds are not available, then as a general Unsecured Creditor from the other Litigation Trust Assets or Reorganized Debtor. For the avoidance of any doubt, PSA 9's lien is limited to the proceeds from the Machine Zone Litigation and does not extend to any proceeds of avoidance actions or proceeds recovered from other actions commenced by the Litigation Trust.

C. RELIEF FROM STAY

Peak has been returning significant amounts of equipment to equipment vendors both pre- and post-petition. In order to help vendors reduce expenses and be able to promptly proceed with the liquidation of returned equipment, Peak sought and obtained an order granting relief from the automatic stay of the bankruptcy to allow each vendor with equipment that was returned to it by Peak to liquidate that equipment in a commercially reasonable manner. The relief from stay is not to obtain equipment from Debtor, but to dispose of any equipment that is voluntarily returned by Debtor to an equipment vendor.

In order for Machine Zone's claims against Peak in the litigation to proceed during Peak's Chapter 11 case, Peak and Machine Zone have entered into a stipulated order to modify the automatic stay imposed by 11 U.S.C. § 362, such that Peak and Machine Zone can fully prosecute and defend all claims and defenses in their litigation.

D. REMOVAL AND REMAND

The Machine Zone Litigation was originally filed in Superior Court of California, in Santa Clara County. The case was specially assigned to the complex case department, given a specific judge, and a date certain trial date was set. The case was to go to trial in March 2017. After the Bankruptcy Case was filed, Machine Zone filed a Notice of Removal removing the consolidated Machine Zone action to the United States Bankruptcy Court for the District of Northern California, Case No. 16-05045 (the "Northern District

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Action"). The state court subsequently vacated all dates, including trial, and all party and third-party discovery was put on hold.

On July 8, 2016, the parties submitted a stipulation and proposed order in the Northern District Action, requesting a transfer of venue to the United States District Court for the District of Oregon under 28 U.S.C. § 1412. The transfer order was entered on July 15, 2016. On July 22, 2016, Peak filed a Motion for Abstention and to Remand the case back to state court. On August 29, 2106, the Bankruptcy Court agreed with Peak and entered an order remanding the proceeding back to California state court. Machine Zone appealed the Bankruptcy Court's order and the appeal was heard in the United States District Court for the District of Oregon Oral argument was held on February 6, 2017, and on February 7, 2017, the District Court issued an Opinion and Order denying the appeal and affirming the Bankruptcy Court's remand order.

The litigation will continue to proceed in California state court. It is Peak's desire to proceed with the litigation on the merits as quickly as possible. A case management conference was held in the state court litigation on October 28, 2016. At that time the state court scheduled a trial in the Machine Zone Litigation to commence on July 10, 2017. The July trial date was subsequently taken off of the court's docket by the California state court. Peak believes the trial will now occur in the fall of 2017.

On December 5, 2016, the parties engaged in mediation in Newport Beach, California. All statements and communications made in connection with the mediation process are strictly confidential and cannot be disclosed. The case did not settle at the mediation but additional mediation sessions may be held. Subsequent to, and outside of the mediation, Machine Zone made a settlement offer to Peak on December 8, 2016, which was not accepted.

On December 20, 2016, Machine Zone filed a substitution of attorney in the Machine Zone Litigation; Machine Zone is now represented by Gibson, Dunn & Crutcher LLP in the Machine Zone Litigation.

E. RETURN OF EQUIPMENT

As described above, as a result of Machine Zone's departure, Peak's equipment needs dramatically changed. Since the Petition Date, Peak has continued to spend considerable time analyzing its current equipment needs and returning equipment it no longer requires. This has been a time-consuming and difficult process due to operational and logistical issues. The equipment that has been returned and continues to be returned is being packaged and located at a third-party warehouse. That warehouse has certain limitations, including, but not limited to, how much palletized equipment can be on the floor at any one time. Peak is prohibited from operating the forklifts at the warehouse location; only the third party is authorized to do so. Once the pallets for a creditor are pulled and staged, all organization of other creditors' equipment must stop until the first creditor picks up its equipment. Once the equipment is pulled off the shelf, the final inventory for the pallet is completed and the pallets are shrink-wrapped to help protect the inventory. These steps take time and if a creditor does not show up to pick up the inventory on specified date, the process is delayed. Also, some leases have been assigned to other parties. Where that occurs, pallets need to be taken apart and resorted so that the equipment can be separated and go to the new assignee. This all takes time given the significant amount of equipment being returned.

F. CLOSING OF HOSTING BUSINESS AND ASSIGNMENT OF CONTRACTS

Peak's lease for its remaining hosting site expired at the end of 2016. Due to the loss of the Machine Zone business, Peak needed to downsize the amount of space it leased at that location. Peak was unable to negotiate an extension of the lease for less space. As a result, Peak vacated the premises by December 31, 2016 and terminated its hosting. Consequently,

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Peak is also returning all equipment associated with the hosting operations to the various equipment lessors and secured creditors. All equipment was removed from the premises by December 31, 2016 and has been or will be returned to Creditors..

Peak entered into an agreement with IT Lynk to assume and assign the Peak hosting contracts to IT Lynk. In exchange, Peak will receive 5.5% of the monthly recurring revenues received by IT Lynk for a period of time under those contracts. On December 9, 2016, Peak filed a Motion to Assume and Assign Executory Contracts (Hosting Agreements) [ECF No. 428] with the Bankruptcy Court to approve the assumption and assignment, which Motion was subsequently granted. The transaction with IT Lynk closed by the end of 2016. Now that the hosting location is closed and the hosting contracts have been assigned to IT Lynk, Peak will focus exclusively on managed services and consulting work.

G. PAPEN INJUNCTION

Mr. Papen, as founder and 80% owner of Peak, signed numerous personal guarantees on loans and leases with various vendors. Two of the vendors filed lawsuits to pursue claims against Mr. Papen on his guarantee during the pendency of the Bankruptcy Case. Peak believes that Mr. Papen's time, money, and energy is best spent reorganizing Peak and prosecuting the Machine Zone Litigation. That will result in the highest and best return to all creditors. Consequently, Peak sought and obtained a preliminary injunction prohibiting those vendors from pursuing lawsuits or other collection actions against Mr. Papen pending confirmation of a plan of reorganization. The injunction is presently set to expire on February 28, 2017, but Debtor has requested an extension through the date a Plan of Reorganization is confirmed.

H. AVOIDABLE LIENS AND PREFERENCES

Peak has not yet undertaken a comprehensive preference analysis, but has conducted a preliminary analysis. To date, Peak has identified three avoidable liens. At this time, Peak has entered into stipulated orders with Capital Community Bank and Data Sales

Co., Inc. avoiding the liens on the Machine Zone Litigation that were granted to them within 90 days of the Petition Date. Peak attempted to reach a similar order with Collins Technology Park Partners, LLC and Digital Loudoun Parkway Center North ("Digital/Collins"), but has been unable to do so to date. On December 2, 2016, Debtor filed an adversary proceeding against Digital/Collins to avoid its lien and seek the return of funds paid to it within 90 days of the Petition Date. Peak is not aware of any additional avoidance actions at this time, but further analysis may disclose avoidance actions not currently contemplated. The Digital/Collins adversary proceeding and all other preference claims and other avoidance and recovery claims under Chapter 5 of the Bankruptcy Code will be transferred to the Litigation Trust.

I. EMPLOYMENT OF PROFESSIONALS

Debtor has retained Tonkon Torp LLP as its general counsel in this case. Debtor also sought and obtained Bankruptcy Court approval for the employment of (1) Cascade Capital Group, LLC as a business and financial consultant; (2) Susman Godfrey LLP ("Susman Godfrey"), as special Litigation counsel, to be paid on a contingent fee basis; (3) Ropers Majeski Kohn Bentley PC ("Ropers Majeski"), as special Litigation counsel, to be paid by Debtor's insurance; (4) Henderson Bennington Moshofsky, P.C. and Isler Northwest LLC, as Debtor's accountants; and (5) Acme Financial, LLC as a valuation consultant.

J. BUSINESS ADJUSTMENTS

Since filing for Chapter 11 protection, Peak has re-evaluated its business needs and options. First and foremost, as a result of Machine Zone's conduct, Peak was immediately forced to reduce its data centers from five to one. As stated above, Peak's lease with its remaining data center expired at the end of 2016. Peak explored numerous options for extending this lease or moving to a new data center but was unable to do either on a profitable basis. Because of its loss in revenue due to Machine Zone's actions, Peak determined that it could not extend its lease for the remaining data center and temporarily ceased providing hosting services. However, Peak will continue operations and reorganize its business focused on managed services and consulting pending the results of the Machine Zone Litigation.

The move to managed services and consulting will eliminate many fixed costs. Peak will continue to assess and adjust its staff size, while being careful to retain key personnel necessary to pursue the Machine Zone Litigation. Peak will retain only a limited amount of equipment needed for the consulting operations. Peak intends to resume providing managed hosting services when it receives a recovery in the Machine Zone Litigation or other opportunities are sufficient to recapitalize the hosting operations.

VI. ASSETS AND LIABILITIES

A. ASSETS

1. Personal Property

As of the Petition Date, Peak's hard assets consisted primarily of computer-related equipment. A detailed list (120 pages in length) of this equipment can be found at Schedule B, Attachment #3 [Docket No. 113]. The equipment was either leased pursuant to true leases or financed pursuant to capital leases. To the extent a portion of equipment under a lease is being retained, Peak will pay the present value of that equipment as a Secured Claim. As of the Effective Date, Peak will have returned all equipment that is not necessary for its continued operations. As of the Petition Date, Peak also had some miscellaneous office furniture and capital equipment with little market value. A list of those items can be found at Schedule B, Attachments #1 and #2 [Docket No. 113]. Peak also had cash and accounts receivable as of the Petition Date, including a receivable from Mr. Papen in the amount of $262,032.58. Peak has made demand for payment of Mr. Papen's receivable and expects to be paid prior to confirmation.

Peak's primary asset is its claims against Machine Zone in the Machine Zone Litigation: (a) misappropriation of trade secrets, (b) breach of contract, (c) breach of the

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implied covenant of good faith and fair dealing, (d) negligent misrepresentation, (e) fraudulent inducement, (f) unfair competition, (g) promissory estoppel, (h) conversion, and (i) declaratory relief. The basis for these claims is described in detail in Section III.C above. Peak's contract damages in the Machine Zone Litigation are in excess of $100 million, plus interest and attorneys' fees, and Peak may be amending its claims after additional discovery to increase the amount of the claims asserted against Machine Zone.

B. LIABILITIES

1. Bank of the West

According to the proof of claim filed by Bank of the West, the amount of debt owing to Bank of the West as of the Petition Date is $6,278,189.39 in principal, plus $21,627.07 in interest, and $8,855.67 in late charges. The obligations of Peak to Bank of the West are secured by a perfected blanket security interest in Peak’s inventory, equipment, accounts, general intangibles, and the contract claims in the Machine Zone Litigation, among other things.

2. Equipment Lenders

a. Operating Leases. Peak had operating leases for equipment with numerous lessors. Peak has rejected all of its operating leases pursuant to an Order Granting Debtor's Motion to Reject Executory Contracts and Unexpired Leases entered on September 15, 2016 [ECF No. 290]. It initially retained certain equipment with various lessors pursuant to stipulated adequate protection orders. However, with the closing of the hosting business, Peak will only be retaining certain laptops, desktops and miscellaneous equipment for use in its ongoing consulting business. All other equipment is no longer being used by Peak and has been, is in the process of being, or will be returned to the equipment vendors. The lessors will have Unsecured Claims for any deficiency balance owing after mitigating their damages by liquidating the returned equipment. The equipment lessors with leases that have been rejected include the following:

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- Banc of America has an operating lease (assigned from Winthrop) identified by Debtor as PE040115-001 and PE040115-A01.
- Bank of the West has an operating lease (sold by Western (assigned from VAR)) identified by Debtor as DAL2 Build Sch 7.
- Data Sales Co. has an operating lease identified by Debtor as Lease #54-10159 Sch 10, Lease #54-10159 Sch 6, Lease #54-10159 Sch 7, Lease #54-10159 Sch 8, and Lease #54-10159 Sch 9.
- Dell Financial Services has an operating lease identified by Debtor as Lease #001-6454564-519, Lease #001-6454564-521, Lease #001-6454564-522, Lease #001-6454564-528, Lease #001-6454564-529, Lease #001-6454564-530, Lease #001-6454564-531, Lease #001-6454564-532, Lease #001-6454564-533, Lease #001-6454564-534, Lease #001-6454564-535, Lease #001-6454564-536, Lease #001-6454564-543, Lease #001-6454564-549, Lease #001-6454564-550, Lease #001-6454564-553, Lease #001-6454564-554, and Lease #001-6454564-555.
- Ever Bank has an operating lease (assigned from VAR) identified by Debtor as DAL2 Build Sch 4.
- HP Financial Services has an operating lease identified by Debtor as Sch 1, Sch 2, Sch 3, Sch 4, Sch 5, Sch 6, Sch 7, and Sch 8.
- NFS has an operating lease identified by Debtor as 2014-205 Sch 3, 900-6454564-542, 900-6454564-544, 900-6454564-545, 900-6454564-547, and 900-6454564-548.
- Presidio Technology Capital, LLC has an operating lease identified by Debtor as Sch 1.

- UniFi has an operating lease (assigned from VAR) identified by Debtor as DAL2 Build Sch 3.
- US Bank has an operating lease (assigned from VAR) identified by Debtor as DAL2 Build Sch 2.
- Wells Fargo Equipment Finance has an operating lease (assigned from VAR) identified by Debtor as 603-0050121- Sch 2, 3, 4, and DAL2 Build Sch 6.
- Winthrop Resources Corporation has an operating lease identified by Debtor as PE040115-A02.

Debtor has determined it will retain certain equipment previously leased from Data Sales. Data Sales will be treated as a Class 4 Claim to the extent of the retained equipment.

b. Capital Leases and Secured Loans. Peak also has capital leases for equipment with numerous secured lenders. Capital leases are disguised financing agreements in which the lessors are actually lenders. The Claims of those creditors are classified as Secured Claims to the extent equipment is being retained and unsecured for the balance of their claim. Certain parties dispute Debtor's characterization of capital leases as disguised financing agreements. Peak has returned, is in the process of returning, or will return to its lenders all of the equipment related to the hosting business so most issues over the characterization as a true lease or disguised financing agreement will not be material. The capital lease equipment lenders as of the Petition Date were as follows:

- Axis Capital Inc. and Debtor are parties to a secured financing agreement identified by Debtor as Axis Sch 1, and Axis Sch 2.
- Balboa Capital Corporation has a capital lease (assigned from VAR) identified by Debtor as 173339-001, Splunk 1, and Splunk 2.

- Capital Community Bank has a capital lease (assigned from Quail) identified by Debtor as CC Bank.
- Cisco Systems Capital Corporation has a capital lease identified by Debtor as Schedule 001, Schedule 002, Schedule 003, Schedule 004, Schedule 005, Schedule 006, Schedule 007, Schedule 008, Schedule 009, Schedule 010, Schedule 011, Schedule 012, Schedule 013, Schedule 014, Schedule 015, Schedule 016, Schedule 017, Schedule 018, Schedule 019, Schedule 020, Schedule 021, Schedule 022, Schedule 023, and Schedule 024.
- CIT Finance LLC has a capital lease identified by Debtor as EMC Equip Sch 1, EMC Equip Sch 2, EMC Equip Sch 3, EMC Equip Sch 4, EMC Equip Sch 5, and NFS Lease taken by CIT.
- Dell Financial Services has a capital lease identified by Debtor as 001-6454564-537, 001-6454564-538, 001-6454564-539, 001-6454564-540, 001-6454564-546, 001-6454564-551, 001-6454564-552, 001-6454564-556, 001-6454564-557, 001-6454564-558, 001-6454564-559, 001-6454564-560, 001-6454564-561, 001-6454564-562, and 001-6454564-563.
- Financial Pacific Leasing, Inc. has a capital lease (assigned from Quail) identified by Debtor as Fin Pac 976810, Sch 302. Fin Pac (Umpqua) has a capital lease (assigned from Fort) identified by Debtor as 976810, Sch 301.
- Hitachi Capital America Corp. has a capital lease (assigned from LEAF) identified by Debtor as EQ order - Sch 4, EQ order - Sch 5, EQ order - Sch 6, EQ order - Sch 7, and EQ order - Sch 8.

- Huntington Technology Finance Inc. has a capital lease (assigned from Fort) identified by Debtor as EFA 1503261, EFA 1504291, and EFA1503161.
- Key Bank has a capital lease (assigned from TFC) identified by Debtor as Sch 2.
- NFS Leasing Inc. has a capital lease identified by Debtor as 900-6454564-541.
- Origin Bank has a capital lease (assigned from Fort) identified by Debtor as Cencor Sch 3.
- Pacific Western Bank has a capital lease (assigned from Fort) identified by Debtor as Cencor Sch 1, and Cencor Sch 4.
- PNC Equipment Finance has a capital lease (assigned from VAR) identified by Debtor as 10-25 Sch 1, and DAL2 Sch 5 #6400.
- Prime Alliance Bank has a capital lease (assigned from Fort) identified by Debtor as Cencor Sch 2.
- Royal Bank has a capital lease (assigned from Fort) identified by Debtor as EFA 1505111.
- Sterling National Bank has a capital lease (assigned from LEAF) identified by Debtor as EQ order - Sch 10, and EQ order - Sch 9.
- Susquehanna Commercial Finance has a capital lease (assigned from LEAF) identified by Debtor as EQ order - Sch 3, and IV order - Sch 2.
- Unifi Equipment Finance has a capital lease (assigned from VAR) identified by Debtor as 10-25 Sch 3 #174238.
- US Bank has a capital lease (assigned from TFC) identified by Debtor as Sch 3, 10-25 Sch 2 #1859-001, Dell IAD2 9-2013, and Dell MLP1 9-2013 #1999-001.

- Wells Fargo Financial Leasing, Inc. has a capital lease (assigned from VAR) identified by Debtor as #766106 #17451-001.
- Western Equipment Finance has a capital lease (assigned from VAR) identified by Debtor as 10-25 Sch 4 #489-004.

Debtor has determined that it will retain certain equipment from US Bank, Huntington Technology, and Bank of the West for continued use in the consulting business. US Bank will be treated as a Class 3 Claim, Huntington Technology as a Class 2 Claim, and Bank of the West as a Class 1 Claim with respect to the retained equipment.

3. Unsecured Creditors

The total number of unsecured creditors who were either scheduled by Peak or filed claims is approximately 110. The total amount of Unsecured Claims scheduled by Peak or filed by Creditors is approximately $55,000,000 (including the approximately $23,000,000 claim of Machine Zone) as of the date of this Disclosure Statement. This amount excludes any duplication for scheduled and filed claims. Peak estimates that additional Rejection Claims will be filed after the return and liquidation of the equipment which may substantially increase the claims amounts. Peak is unable to estimate the amount of Rejection Claims at this time as Peak's books and records reflect monthly amounts previously owing to lessors and not total payments for the entire duration of the lease. Consequently, Peak is unable to estimate at this time what will be the final total amount of all Unsecured Claims.

Peak expects it will prevail in the Machine Zone Litigation in an amount that will provide for payment in full to Unsecured Creditors and result in a distribution to Interest holders. If Peak does not prevail in the Machine Zone Litigation, General Unsecured Creditors will still be entitled to distributions from Reorganized Debtor's operations. Assuming that Peak distributes $891,930 of Adjusted Net Income from 2017 through 2021, as it projects, and assuming there are Allowed Claims of $55 million, General Unsecured Creditors will receive a distribution from Reorganized Debtor of approximately 1.6%. If the

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Allowed Claim amounts are more or less than $55 million, the distributions to General Unsecured creditors will increase or decrease accordingly. Notably, the $55 million in claims schedule by Peak or filed by creditors includes Machine Zone's claim filed in the approximate amount of $23 million to which Debtor has filed an objection. The actual distribution to Unsecured Claims will not be known until all Rejection Claims have been filed and all Claim objections have been resolved. Alternatively, Creditors are given the right to convert their debt into equity in Reorganized Debtor. However, such an investment should be based on the long-term future of Reorganized Debtor as the projections indicate that any return on investment to Common Unit holders would not begin to be realized until the year 2021. Prior to that time all funds are projected to be distributed to Creditors or in payment of the Series A Preferred Unit holder.

VII. DESCRIPTION OF PLAN

A. BRIEF EXPLANATION OF CHAPTER 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under Chapter 11, a debtor is authorized to reorganize its business for the benefit of itself, its creditors, and equity holders. In addition to permitting rehabilitation of Debtor, another goal of Chapter 11 is to promote equality of treatment of creditors and equity holders of equal rank with respect to the distribution of a debtor's assets. In furtherance of these two goals, upon the filing of the reorganization under Chapter 11, Section 362 of the Bankruptcy Code generally provides for an automatic stay of substantially all acts and proceedings against Debtor and its property, including all attempts to collect debts or enforce liens that arose prior to commencement of Debtor's case under Chapter 11.

The confirmation of a plan of reorganization is the principal objective of a Chapter 11 reorganization case. A plan of reorganization sets forth the means for satisfying claims against, and interests in, a debtor. Confirmation of a plan of reorganization by a bankruptcy court makes the plan binding upon Debtor, any issuer of securities under the plan,

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any person acquiring property under the plan, and any creditor and any equity holder of Debtor. Subject to certain limited exceptions provided by the Bankruptcy Code, and except as specifically provided in the plan of reorganization, the confirmation order discharges Debtor from any debt that arose prior to the date of such confirmation and order and substitutes therefore the obligations specified in the plan.

B. SOLICITATION AND CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY SECURITIES

1. General

Pursuant to Section 1123(a)(1) of the Bankruptcy Code, a Plan of Reorganization must designate classes of Claims and classes of interest. The Plan classifies all Claims and Interests into eleven classes, including a class of Small Unsecured Claims for administrative convenience pursuant to Section 1122(b) of the Bankruptcy Code. The classification of Claims and Interests is made for the purpose of voting on the Plan and making distributions thereunder, and for ease of administration of the Plan. A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in a different Class to the extent that the Claim or Interest qualifies within the description of such different Class. A Claim or Interest is entitled to vote in a particular Class and to receive distributions in such Class only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and has not been paid prior to the Effective Date. Under the Plan, a Claim or Interest is an Allowed Claim against or an Allowed Interest in Debtor to the extent that (a) proof of the Claim or Interest was (1) timely filed, or (2) deemed filed under applicable law by reason of an order of the Bankruptcy Court; or (3) scheduled by Debtor on its Schedules of Liabilities as neither contingent, unliquidated or disputed; and (b) (i) no party in interest has filed an objection within the time fixed by the Bankruptcy Court; or (ii) the Claim or Interest is allowed by Final Order; and (iii) with respect to an application for compensation or reimbursement of an Administrative Expense Claim, the amount of Administrative Expense Claim has been approved by the Bankruptcy Court.

2. Unclassified Claims

Administrative Expense Claims and Priority Tax Claims are not classified. An Administrative Expense Claim is a Claim against Debtor constituting an expense of administration of the Bankruptcy Case allowed under Section 503(b) of the Bankruptcy Code including, without limitation, the actual and necessary costs and expenses of preserving the estate and operating Debtor's business during the Bankruptcy Case; claims for the value of goods received by Debtor within 20 days before the Petition Date sold in the ordinary course of business; any indebtedness or obligations incurred by Debtor during the pendency of the Bankruptcy Case in connection with the provision of goods or services to Debtor; compensation for legal and other professional services and reimbursement of expenses; and statutory fees payable to the U.S. Trustee.

A "Priority Tax Claim" is a Claim of a governmental unit of the kind entitled to priority under Section 507(a)(8) of the Bankruptcy Code or that would otherwise be entitled to priority but for the Secured status of the Claim. Each holder of an Allowed Priority Tax Claim shall be paid by Reorganized Debtor, commencing on the 12th day of the first full month following the Effective Date or the date the Claim is Allowed, the full amount of its Allowed Priority Tax Claim as allowed by 11 U.S.C. § 1129(a)(9)(C) and (D) in equal amortizing monthly payments of principal and interest at the non-default rate determined under applicable non-bankruptcy law or, if there is no such defined rate, then at a rate equal to the prime rate plus 1% fixed as of the Confirmation Date, or such other rate as determined by the Bankruptcy Court, over a period ending June 12, 2021. There have been Property Tax Claims filed in the amount of $48,128.

Pursuant to the Plan of Reorganization, Administrative Expense Claims will be paid in full on the later of the Effective Date or the date on which any such Administrative

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Expense Claim becomes an Allowed Claim unless such holder shall agree to a different treatment of such Claim (including, without limitation, any different treatment that may be provided for in any documentation, statute, or regulation governing such Claim). However, the Administrative Expense Claims representing liabilities incurred in the ordinary course of business (including amounts owed to vendors and suppliers that have sold goods or furnished services to Debtor after the Petition Date), if any, will be paid in accordance with the terms and conditions of the particular transactions and any other agreements relating thereto. Debtor will include the estimated amount of such expenses in the Report of Administrative Expense Claims to be filed prior to the hearing on confirmation.

3. Classified Claims

The following summary of distributions under the Plan to Classified Claims does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the Plan attached hereto as **Exhibit 1**.

a. Class 1 (Bank of the West). Bank of the West ("BOW") asserts a blanket lien on substantially all of Debtor's assets, including Peak's contract claims in the Machine Zone Litigation, to secure its Allowed Secured Claim.

BOW will retain its interest in its Collateral with the same priority that it had on the Petition Date except that BOW's lien in the Litigation Trust shall be subordinate to the Litigation Loan pursuant to the Final Order Authorizing Debtor to Obtain First Priority Secured Credit (Litigation Loan) [ECF No. 220]. BOW will retain its lien on all assets transferred into the Litigation Trust including, but not limited to, Peak's account receivable due from Machine Zone, Peak's contract causes of action against Machine Zone and other parties, and Peak's intellectual property assets. BOW will be repaid the full amount of its Allowed Secured Claim from the Litigation Proceeds as, and to the extent, such funds become available. In addition, BOW will have a Secured Claim against Reorganized Debtor's assets equal to the greater of (a) $803,449 that consists of $781,149 (representing

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Debtor's accounts receivable as of the Petition Date minus offsets), plus $22,300 (representing the fair market value calculated at 20% of the original purchase price) of equipment collateral being retained by Reorganized Debtor comprised of Thunderbolt (S/N C02KL6Z1F2GC), Thunderbolt Display (S/N C02KL6YUF2GC), Macbook Air 13 (S/N C1MP3CZ5G085), Thunderbolt (S/N C02MR8JVF2GC), Macbook Pro 15 (S/N C02Q421XG8WL), Thunderbolt (S/N C02MH4VZF2GC), Macbook Pro 15 (S/N C02PV9DMG8WN), Asus (S/N ECLMTF164922), Asus (S/N ECLMTF164929), MacBook Pro 15 (S/N C02PX1V0G8WL), Thunderbolt Display (S/N C02GP8MBDJGR), MacBook Pro (S/N C02PW5CXG8WN), Asus Display (S/N F7LMTF165239), Asus Display (S/N FLMTF165265), MacBook Pro 15 (S/N C02Q32GHG8WL), Asus Display (S/N F7LMTF164718), Macbook Pro (S/N C02PX97ZG8WN), Thunderbolt Display (S/N C02ML8CQF2GC), Thunderbolt Display (S/N C02ML4PTF2GC), Macbook Pro (S/N C02PNYG0G8WN), Thunderbolt Display (S/N C02MH4WAF2GC), MacBook Pro (S/N C02PJ2CKG3QN), Asus Display (S/N ECLMTF111848), ASUS Display (S/N ECLMTF164638), MacBook Pro (S/N C02Q3DW0G8WN), Thunderbolt Display (S/N C02L83A4F2GC), Thunderbolt Display (S/N C02M70PNF2GC), Macbook Pro (S/N C02PJ2DCG3QN), Lenovo (S/N PFOABTOE), Asus Display (S/N F7LMTF165272), Thunderbolt Display (S/N C02NX4YMF2GC), Macbook Pro (S/N C02PJ22YG3QN), Lenovo (S/N pf08mvlrPF9XB5528090), Asus (S/N F7LMTF165274), Thunderbolt Display (S/N C02NL3T8F2GC), Asus Display (S/N F4LMTF158717), MacBook (S/N C02Q2006G8WP), Macbook Pro (S/N C02H70CQDW48), Thunderbolt Display (S/N C02N80UCF2GC), MacBook (S/N C02PL1TWG3QN), Thunderbolt Display (S/N C02NK4A9F2GC), Thunderbolt Display (S/N C02PP421F2GC), Asus Display (S/N F4LMTF158727), Asus Display (S/N F4LMTF159323), Macbook Pro (S/N C02PL1PEG3QN), Macbook Pro (S/N C02Q50T9G8WL), Thunderbolt (S/N C02NR1BXF2GC), Thunderbolt (S/N C02MH5CYF2GC), Thunderbolt (S/N

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C02LN4KKF2GC), Asus (S/N F5LMTF148675), Asus (S/N ECLMTF164761), Asus (S/N F1LMTF076810), Asus (S/N F7LMTF165261), and Asus (S/N ECLMTF164759)) or (b) the value of BOW's collateral being retained by Reorganized Debtor as of the Effective Date as determined in accordance with 11 U.S.C. § 506(a). BOW has not yet indicated if it agrees or disagrees with this estimated value of the equipment being retained by Debtor. All BOW's remaining equipment collateral will be surrendered to BOW. The proceeds, after liquidation of BOW's equipment collateral, shall reduce BOW's total Allowed Claim but not the secured amount to be paid by Reorganized Debtor. Reorganized Debtor will pay the greater of $803,449 or, in the event of a dispute regarding the value, the value of the collateral being retained by Reorganized Debtor as determined in accordance with 11 U.S.C. § 506(a) in monthly payments of interest only commencing on the 15th day of the first full month following the Effective Date and continuing on the 15th day of each month thereafter for the first 12 months and thereafter in equal amortizing payments of principal and interest at a fixed rate of 4.5% per annum, or, in the event of a dispute over the applicable interest rate, at such other rate fixed by the Bankruptcy Court at confirmation for an additional 36 months. In the event the Litigation Proceeds distributed to BOW and payments from Reorganized Debtor are insufficient to pay BOW's claim in full, BOW will have an unsecured Deficiency Claim for the unpaid balance.

BOW will also retain its lien on Peak's contract claims in the Machine Zone Litigation transferred into the Litigation Trust, which lien shall be a second lien position on the Litigation Proceeds, subject only to the Litigation Loan. In the event the Litigation is not successful, BOW will have an unsecured deficiency claim against Reorganized Debtor for the unpaid balance of its Claim.

Alternatively, at the time it files its ballot accepting or rejecting Debtor's Plan, BOW may elect to convert some or all of its Allowed Claim into Common Units of Reorganized Debtor. The conversion rate shall be 1 Common Unit issued for each $1,000 of

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Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor.

b. Class 2 (Huntington Technology Finance, Inc.). Prior to the Petition Date, Huntington Technology Finance, Inc., as assignee of Fort Capital Resources, LLC, ("Huntington") entered into Equipment Finance Agreement No. xxx3161 with Debtor dated March 16, 2015, Equipment Finance Agreement No. xxx3261 with Debtor dated April 1, 2015, and Equipment Finance Agreement No. xxx4291 with Debtor dated April 29, 2015, under which Huntington financed the purchase of certain equipment by Debtor. Huntington perfected its security interest in that equipment collateral as set forth in UCC 15-7462623612 filed in California on May 1, 2015.

Debtor intends to keep the following equipment that was financed by Huntington:

Macbook Pro: C02NR0NZG3QN

MacBook: C02NV046G9JN

Thunderbolt: SC02NJ4RYF2GC

Macbook Pro: SC02PC0FXG3QN

The equipment that Debtor intends to keep is worth $4,500 based on Debtor's estimate of the fair market value of the retained equipment, which was calculated at 20% of the original purchase price. Huntington has not yet indicated if it agrees or disagrees with this estimated value. All remaining collateral has been or will be surrendered to Huntington. Huntington will have a first priority lien position on the equipment retained as its collateral. Huntington will have an Allowed Secured Claim against Reorganized Debtor in the amount of $4,500 or in the event of a dispute over the value of the equipment retained by Reorganized Debtor, then the value as determined in accordance with 11 U.S.C. § 506(a). Reorganized Debtor will pay that amount in monthly payments of interest only commencing on the 15th day of the first full month following the Effective Date and continuing on the

15th day of each month thereafter for the first 12 months, and thereafter in equal amortizing monthly payments of principal and interest at the 4.5% per annum or, in the event of a dispute over the applicable interest rate, at such other rate fixed by the Bankruptcy Court at confirmation, for an additional 24 months.

Alternatively, to the extent Huntington's Allowed Claim equals or exceeds $10,000, Huntington may, at the time it casts its ballot accepting or rejecting Debtor's Plan, elect to convert some or all of its Allowed Claim into Common Units of Reorganized Debtor. The conversion rate shall be 1 Common Unit in Reorganized Debtor for each $1,000 of Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor.

c. (U.S. Bank Equipment Finance). Prior to the Petition Date, Debtor leased certain equipment from U.S. Bank, N.A. d/b/a/ U.S. Bank Equipment Finance, as assignee of VAR Resources Inc. ("US Bank") pursuant to five capital lease agreements in 2013 and 2014. US Bank perfected its security interest in that collateral as set forth in UCC 13785441258 filed in California on November 6, 2013, UCC 137389145485 filed in California on December 4, 2013, UCC 137389443496 filed in California on December 5, 2013, UCC 147424065134 filed in California on August 11, 2014, and UCC 15-7446200049 filed in California on January 21, 2015. Debtor intends to keep the following equipment for use in ongoing operations:

Macbook Pro: C02NR0PEG3QN

Macbook Pro: SC02NT2N2G3QN

Macbook Pro: SC02NT26EG3QN

Thunderbolt: SC02NL1NMF2GC

Thunderbolt: SC02NL1SFF2GC

The equipment that Debtor intends to keep is worth $3,000 based on Debtor's estimate of the fair market value of the retained equipment, which was calculated at 20% of

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the original purchase price. US Bank has not yet indicated if it agrees or disagrees with this estimated value. All remaining collateral has been or will be surrendered to US Bank. US Bank will retain its first priority lien position on the equipment retained as its collateral. US Bank will have an Allowed Secured Claim against Reorganized Debtor in the amount of $3,000 or in the event of a dispute over the value of the equipment retained by Reorganized Debtor, then the value as determined in accordance with 11 U.S.C. § 506(a). Reorganized Debtor will pay that amount in monthly payments of interest only commencing on the 15th day of the first full month following the Effective Date and continuing on the 15th day of each month thereafter for the first 12 months, and thereafter in equal amortizing monthly payments of principal and interest at 4.5% per annum or, in the event of a dispute over the applicable interest rate, at such other rate fixed by the Bankruptcy Court at confirmation, for an additional 24 months.

Alternatively, at the time it files its ballot accepting or rejecting Debtor's Plan, US Bank may elect to convert some or all of its Allowed Claim into Common Units of Reorganized Debtor. The conversion rate shall be 1 Common Unit issued for each $1,000 of Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor.

d. **Class 4 (Data Sales Co., Inc.).** Prior to the Petition Date, Debtor and Data Sales Co., Inc. ("Data Sales") entered into Master Equipment Lease No. 54-10159 dated July 15, 2010, under which Data Sales leased certain equipment to Debtor. Thereafter, Debtor and Data Sales Company of the Netherlands B.V. ("Data Sales BV") entered into a Master Equipment Lease Agreement No. 54-80005 dated January 10, 2014, under which Data Sales BV leased certain separate equipment to Debtor. Data Sales and Data Sales BV are affiliated entities. Debtor, Data Sales, and Data Sales BV entered into a Cross-Default and Cross-Collateral Agreement dated January 10, 2014, with respect to Master Equipment Lease No. 54-10159 and Master Equipment Lease Agreement No. 54-

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80005. Pursuant to a series of equipment schedules, Data Sales and Data Sales BV leased equipment to Debtor. Data Sales filed nine UCC Financing statements in California on May 27, 2015 perfecting its interest in the equipment. Debtor has rejected the Data Sales Master Equipment Lease and Data Sales BV Master Equipment Lease Agreement, and all equipment that Debtor leased from Data Sales BV will be returned, except Debtor intends to keep the following equipment for use in ongoing operations:

Macbook Air 13: C02MN0L4FH00

Thunderbolt: C02MC0FWF2GC

Thunderbolt Display: C02MC0G6F2GC

Thunderbolt Display: C02MT02QF2GC

Thunderbolt Display: C02LC43SF2GC

MacBook: C02M516QFD58

Thunderbolt Display: C02MT01RF2GC

Macbook Pro 13: C02MM3G7FH00

Macbook Pro 13: C02N11UWFH00

The equipment that Debtor intends to keep is worth $10,000 based on negotiations with Data Sales over the fair market value of the equipment and change from an operating lease to a secured claim. Notwithstanding the negotiations between Debtor and Data Sales as to the fair market value of the retained equipment, Data Sales has not yet indicated if it will ultimately agree or disagree with this estimated value. All remaining equipment has been or will be surrendered to Data Sales. Data Sales will have a first priority lien upon the equipment retained as its collateral. Data Sales will have an Allowed Secured Claim against Reorganized Debtor in the amount of $10,000 or in the event of a dispute over the value of the equipment retained by Reorganized Debtor, then the value as determined in accordance with 11 U.S.C. § 506(a). Reorganized Debtor will pay that amount in monthly payments of interest only commencing on the 15th day of the first full month following the

Effective Date and continuing on the 15th day of each month thereafter for the first 12 months, and thereafter in equal amortizing monthly payments of principal and interest at 4.5% per annum or, in the event of a dispute over the applicable interest rate, at such other rate fixed by the Bankruptcy Court at confirmation, for an additional 24 months.

Alternatively, at the time it files its ballot accepting or rejecting Debtor's Plan, Data Sales may elect to convert some or all of its Allowed Claim into Common Units of Reorganized Debtor. The conversion rate shall be 1 Common Unit issued for each $1,000 of Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor.

e. Class 5 (Digital Loudoun Parkway Center, North, LLC and Collins Technology Park Partners, LLC). Digital Loudoun Parkway Center, North, LLC ("Loudoun") and Collins Technology Park Partners, LLC ("Collins") (together, "Digital/Collins") were parties to datacenter lease agreements with Debtor. Specifically, Loudoun and Debtor entered into a Deed of Datacenter Lease Agreement and related documents for a datacenter located in Virginia on December 2, 2012; Collins and Debtor entered into a Datacenter Lease Agreement and related documents for a datacenter located in Texas with an effective date of April 29, 2014.

Digital/Collins and Debtor entered into an Agreement Terminating Leases on or after March 18, 2016, pursuant to which Debtor (i) paid Digital/Collins $30,000, (ii) granted to Digital/Collins a security interest in and lien on Debtor's claims against Machine Zone, Inc. and Epic War LLC in the litigation styled *Peak Web LLC v. Machine Zone, Inc. and Epic War LLC* pending in Superior Court of California, County of Santa Clara, Case No. 1-15-cv-288681 (the "Litigation") to secure indebtedness then owing by Debtor to Digital/Collins, and (iii) granted Digital/Collins a priority distribution scheme from the proceeds of the Litigation. Debtor scheduled Digital/Collins as a precautionary creditor. Digital/Collins did not file a proof of claim. Digital/Collins now assert a secured claim of

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approximately $8 million pursuant to the Agreement Terminating Leases. Debtor filed adversary proceeding number 16-03145-pcm against Digital/Collins to avoid the Agreement Terminating Leases as a preference and Debtor disputes that Digital/Collins have a valid secured claim. Digital/Collins filed an answer to the adversary proceeding. To the extent Digital/Collins prevail in the adversary proceeding, they will receive payments pursuant to the terms of the Agreement Terminating Leases, as described above, which payments will be subordinate to the Litigation Loan and Bank of the West and senior to payments to Unsecured Creditors. To the extent Debtor prevails in the adversary proceeding, and if Digital/Collins has an Allowed Claim, it will be treated as a Class 8 Unsecured Creditor.

Alternatively, at the time it files its ballot accepting or rejecting Debtor's Plan, Digital/Collins may elect to convert some or all of its Allowed Claim into Common Units of Reorganized Debtor. The conversion rate shall be 1 Common Unit issued for each $1,000 of Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor.

f. Class 6 (Richardson Independent School District of Texas). Richardson Independent School District ("Richardson") has filed a secured proof of claim in the amount of $6,777.60 for unpaid ad valorem property taxes secured by personal property. Pursuant to sections 32.01, 32.05, and 32.07 of the Texas Property Tax Code, Richardson's claim is automatically perfected as a matter of law and remains perfected even if Debtor no longer owns the personal property in question. Richardson shall be paid its Allowed Secured Claim in equal amortizing monthly payments of principal and interest at the annual rate of 12%, or if the applicable interest rate is in dispute, at such other rate as determined by the Bankruptcy Court, commencing on the 12th day of the first full month following the Effective Date or the date the Claim is Allowed, over a period ending June 12, 2021.

Alternatively, at the time it files its ballot accepting or rejecting Debtor's Plan, Richardson may elect to convert some or all of its Allowed Claim into Common Units of

Reorganized Debtor. The conversion rate shall be 1 Common Unit issued for each $1,000 of Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor.

g. Class 7 (Dallas County Texas). Dallas County (Texas) has filed a secured proof of claim in the amount of $3,652.81 for unpaid ad valorem taxes secured by personal property. Pursuant to sections 32.01, 32.05, and 32.07 of the Texas Property Tax Code, Dallas County's claim is automatically perfected as a matter of law and remains perfected even if Debtor no longer owns the personal property in question. Dallas County shall be paid its Allowed Secured Claim in equal amortizing monthly payments of principal and interest at the annual rate of 12%, or if the applicable interest rate is in dispute, at such other rate as determined by the Bankruptcy Court, commencing on the 12th day of the first full month following the Effective Date or the date the Claim is Allowed over a period ending June 12, 2021.

Alternatively, at the time it files its ballot accepting or rejecting Debtor's Plan, Dallas County may elect to convert some or all of its Allowed Claim into Common Units of Reorganized Debtor. The conversion rate shall be 1 Common Unit issued for each $1,000 of Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor.

h. Class 8 (General Unsecured Claims). Each General Unsecured Claim will be paid (i) its Pro Rata share of the Unsecured Creditor Proceeds of the Litigation Trust, plus (ii) its Pro Rata share of 50% of the Adjusted Net Income of Reorganized Debtor calculated over a semi-annual calendar period, with payments to be made on the 45th day following the end of each full semi-annual calendar period after the Effective Date and continuing on each February 15th and August 15th thereafter until 50% of Adjusted Net Income for eight full semi-annual calendar periods has been paid, plus (iii) interest, if applicable, on its Allowed Claim at the federal judgment rate or, in the event of a dispute over the applicable interest rate, as determined by the Bankruptcy Court, up to the full amount until its Allowed Claim.

Alternatively, at the time it files its ballot accepting or rejecting Debtor's Plan, to the extent a General Unsecured Creditor's Allowed Claim equals or exceeds $10,000, that General Unsecured Creditor may elect to convert some or all of its Allowed Claim into Common Units of Reorganized Debtor. The conversion rate shall be 1 Common Unit issued for each $1,000 of Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor.

i. **Class 9_ (Administrative Convenience Claims).** Class 9 consists of all Allowed Unsecured Claims in the amount of $3,000 or less, or that have been reduced to $3,000 by timely election of the holders thereof. Each holder of a Class 9 Claim will be paid (i) 25% of its Allowed Claim in cash within nine months after the Effective Date, plus (ii) its Pro Rata Share of the Unsecured Creditor Proceeds of the Litigation Trust, including interest on its Allowed Claim at the federal judgment rate, or, in the event of a dispute over the applicable interest rate, as determined by the Bankruptcy Court, up to the full amount of its Allowed Claim. Debtor anticipates that there will be approximately 31 to 45 Administrative Convenience Claimants, which will result in a total initial payment of approximately $6,700 - $16,888.

j. **Class 10 (Equity Security Holders).** Class 10 consists of the Interests held by the Equity Security Holders of Debtor as of the Petition Date. All existing equity Interests in Debtor shall be cancelled and extinguished as of the Effective Date as to Reorganized Debtor. New equity in Reorganized Debtor will be issued as set forth in Section VII.E.2.a below. Interest holders are entitled to receive distributions from the Litigation Trust only after all Trust expenses and all Allowed Claims have been paid in full, with interest.

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k. Class 11 (Other Secured Claims). Class 11 consists of Allowed Secured Claims not otherwise classified or provided for under the Plan. Debtor will surrender the equipment or other tangible collateral securing the Allowed Secured Claim of each Class 11 Creditor to that Creditor in full satisfaction of each Class 11 Creditor's Allowed Secured Claim. To the extent that a Class 11 Creditor has an Allowed Deficiency Claim, any such Claim will be treated as a Class 8 or Class 9 Claim. Any and all setoff rights of Class 11 Creditors are preserved subject to Section 553 of the Bankruptcy Code and, if applicable, in accordance with Section 2.4.2 of the Litigation Trust Agreement.

C. ADMINISTRATIVE EXPENSES

Debtor has retained the following professionals: (a) Tonkon Torp LLP as its general counsel in this case; (b) Cascade Capital as its consultant and chief restructuring officer, (c) Susman Godfrey and Ropers Majeski as its special Litigation counsel, and (d) Henderson Bennington Moshofsky, P.C. and Isler Northwest LLC as its accountants. The Unsecured Creditors' Committee has retained Ball Janik LP as its counsel. Certain Creditors may also file Administrative Expense Claims. The total amount of Administrative Expense Claims is uncertain at this time but Debtor anticipates Administrative Claims at confirmation, including approximately $642,000 in claims of professionals (net of retainers), to be approximately $742,000, except to the extent Administrative Claims not yet filed may subsequently be filed. It is anticipated that some professionals may agree to defer payment of their Administrative Claim, if necessary. Debtor's Plan provides the terms for conversion of the Operating Loan to new preferred equity in Reorganized Debtor so the Operating Loan will not be treated as an Administrative Expense Claim. In accordance with local rules, Debtor will file a report setting forth estimated amounts for Administrative Expense Claims prior to the plan confirmation hearing.

Winthrop Resources Corporation ("Winthrop") filed an administrative expense claim for $144,802.37; Presidio Technology Capital, LLC ("Presidio") filed an administrative expense claim for $124,121.90; Banc of American Leasing & Capital, LLC ("Banc of America") filed an administrative expense claim for more than $80,000. Debtor has filed objections to Winthrop, Presidio and Banc of America's administrative expense claims and believes they are entitled to no administrative expense claims. To the extent other equipment vendors may seek to file an administrative expense claim, Debtor intends to file an objection. Debtor's estimate of administrative expense claims at confirmation excludes administrative expense claims filed by Winthrop, Presidio and Banc of America.

D. EXECUTORY CONTRACTS

The Bankruptcy Code gives debtors the right, after commencement of their Chapter 11 Cases, subject to the approval of the Bankruptcy Court, to assume or reject executory contracts and unexpired leases. Generally, an "executory contract" is a contract under which material performance (other than the payment of money) is still due by each party. To the extent they have not been rejected already, the Plan provides for the rejection by Debtor of all its executory contracts with equipment vendors except those subject to a motion or order to assume or to assume and assign pending as of, or entered prior to, the Effective Date. Debtor is not aware of any defaults in executory contracts that it is assuming that would require it to make cure payments.

If an executory contract or unexpired lease is or has been rejected, the Creditor may file a proof of claim for damages resulting from such rejection. An Order Granting Debtor's Motion to Reject Executory Contracts and Unexpired Leases [ECF No. 290] was entered on September 15, 2016 and provided that any rejection Claims or Administrative Claims by equipment lessors identified therein must be filed on or before October 13, 2016 or such Claim would be barred. The Plan provides that all other contracts rejected through the Plan file a Proof of Claim with respect to any such rejection Claim within 30 days of the Bankruptcy Court's approval of the rejection of the relevant executory contract or unexpired lease. Any such Claim shall constitute a Class 8 or Class 9 Claim to

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the extent that such Claim is finally treated as an Allowed Claim. To the extent Debtor rejects an unexpired lease of nonresidential real property, the Claim for damages resulting from such rejection will be limited to the amount allowed under the Bankruptcy Code.

E. IMPLEMENTATION OF THE PLAN

Implementation of the Plan will be in two components: the creation of and transfer of certain assets to a Litigation Trust and, separately, the continued business operations of Reorganized Debtor.

1. Litigation Trust

A Litigation Trust shall be established in the form attached to the Plan as **Exhibit A** or a trust agreement substantially similar thereto as approved by the Bankruptcy Court. The Litigation Trust shall hold (a) Peak's claims against Machine Zone in *Peak Web LLC v. Machine Zone, Inc., Epic War LLC and Does 1 through 10, inclusive,* Santa Clara County Superior Court Case No. 1-15-cv-288681 and all other claims Debtor may have arising out of or related to any of the facts, circumstances, events or issues raised therein against Machine Zone, Inc., Epic War LLC, and Does 1 through 10 inclusive; (b) any and all other claims or causes of action in any way related to or arising out of the facts, circumstances, events, or issues described therein whether against Machine Zone, Epic War, or any other party, whether or not that party is or may become a party to the above-captioned litigation or another action that may be subsequently filed, including, but not limited to, all the assets listed in question #74 of Debtor's Second Amended Schedule B; (c) all Debtor's intellectual property rights and trade secrets as of the Confirmation Date; (d) all claims for avoidance and recovery under Chapter 5 of the Bankruptcy Code, and (e) any other claims or assets transferred to the Litigation Trust pursuant to the Plan, Confirmation Order, or the Litigation Trust Agreement, and any income, proceeds, profits, revenue, or assets generated therefrom. The transfer shall be made pursuant to 11 U.S.C. §§ 1123(a)(5)(B) and 1123(b)(3)(B) of the Bankruptcy Code. The purpose of the Litigation Trust is to prosecute the Machine Zone Litigation and other assets through trial or otherwise litigate and liquidate Debtor's claims and distribute the proceeds to the Creditors of Debtor in the same order of priority as set forth in the Bankruptcy Code. The Litigation Trust Agreement provides that Mr. Mark Calvert will be the initial Litigation Trustee. Debtor believes Mr. Calvert is well qualified to act as the Litigation Trustee. Mr. Calvert is the Managing Director of Cascade Capital Group, a boutique investment banking firm that has experience with a wide variety of matters. Mr. Calvert is a Certified Public Accountant (CPA), Certified Insolvency and Recovery Advisor (CIRA), Certified Turnaround Professional (CTP), and a Certified Fraud Examiner (CFE). He has over 35 years of experience working with troubled companies, and in the past 10 years has restructured in excess of $5 billion in debt in and outside of formal bankruptcy proceedings. He has an extensive understanding of business, financial matters, and litigation.

Mr. Calvert has been involved in over 80 litigation matters where the amounts in dispute involved hundreds of millions of dollars. Notably, Mr. Calvert has acted in a trustee capacity in the past where he was required to assume responsibilities similar to those of the Litigation Trustee in this case. For example, in *In re Consolidated Meridian Funds*, (Bankr. E.D. Wash, Case No. 10-17952), Mr. Calvert was appointed as the liquidating trustee to oversee the liquidation of the four consolidated debtors' assets, including two lawsuits seeking damages in excess of $100 million each against an accounting firm and a bank, both with attorneys on a success fee basis. He also oversaw 60 avoidance lawsuits (and resulting mediation) and retained and managed attorneys both on an hourly and success fee basis.

Mr. Calvert also worked as the trustee in *In re Natural Molecular Testing Corporation* (Bankr. W.D. Wash., Case No. 13-19298). In his role as trustee, he oversaw numerous avoidance actions and the litigation of a more than $80 million dispute with the U.S. Department of Justice. Again, Mr. Calvert managed attorneys on this matter.

Mr. Calvert has also acted as a damages expert, including the matter of *Shahinian et al. v. Kimberly-Clark Corporation et al*. (C.D. Cal., Case No. CV 14-8390 DMG), a multi-party matter in which the plaintiffs assert fraud and violations of unfair competition law claims and seek damages in hundreds of millions of dollars, and the matter of *Biloxi Freezing & Processing, Inc., et al. v. Mississippi Power Company* (Harrison County Circuit Court, Miss. Case No. A2401-16-45), in which the plaintiffs seek damages for alleged unfair business practices and fraud. Mr. Calvert is well qualified to act as the Litigation Trustee.

The Litigation Trustee will act in consultation with and at the direction of the Litigation Trust Committee. The Litigation Trust Committee will consist of Mr. Papen, one person designated by the Litigation Loan Lender, and one person designated by the Unsecured Creditors' Committee. The Litigation Trust shall have the full authority to take all necessary actions and steps to fully liquidate and distribute the Litigation Trust Assets, to incur debt to the extent necessary to prosecute the claims assigned to the Litigation Trust and to retain professionals as needed. The existing Litigation Loan and the contingency fee agreement with Susman Godfrey shall be assigned to the Litigation Trust and shall remain in full force and effect. The BOW junior secured lien on the contractual claims and other assets in the Litigation Trust shall remain in full force and effect. Any offset rights of Machine Zone shall be preserved pursuant to Section 2.4.2 of the Litigation Trust Agreement. The Litigation Trust will be separate and distinct from Debtor and Reorganized Debtor and be fully governed by the terms of the Litigation Trust Agreement.

2. Reorganized Debtor Operating Company

Reorganized Debtor shall be comprised of the operating company which will consist of all remaining assets of Debtor not transferred to the Litigation Trust. Reorganized Debtor shall continue to operate and make payments to Creditors from future operations as otherwise described in this Disclosure Statement and the Plan.

a. New Equity. On the Effective Date, all existing equity will be deemed cancelled in Reorganized Debtor. Reorganized Debtor will issue new Series A Preferred Units and new Common Units. The Operating Loan Lender will be issued 500,000 Series A Preferred Units of Reorganized Debtor in full satisfaction of its Operating Loan. Reorganized Debtor's management will initially be issued 500 Common Units. Those units will be issued to Mr. Billow. Creditors will have the option to convert their Allowed Claims into Common Units. For the avoidance of any doubt, Creditors who have Allowed Claims or Claims subject to an objection may make the election to convert their Claims to equity but only creditors with finally Allowed Claims will be issued Common Units. A Creditor may convert $1,000 of its Allowed Claim into 1 Common Unit of Reorganized Debtor, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor. If a Creditor elects to convert its Allowed Claim from debt to equity in Reorganized Debtor then the Creditor will no longer be entitled to any distributions from the Litigation Trust or receive debt payments from Reorganized Debtor on account of the Claim amount converted to equity. THE ELECTION TO CONVERT ALL OR A PORTION OF AN ALLOWED CLAIM TO COMMON UNITS IN REORGANIZED DEBTOR MUST BE MADE BY THE CREDITOR AT THE SAME TIME IT DELIVERS ITS BALLOT TO DEBTOR; A CREDITOR'S ELECTION TO CONVERT ALL OR A PORTION OF AN ALLOWED CLAIM TO COMMON UNITS IN REORGANIZED DEBTOR IS INDEPENDENT OF A CREDITOR'S DECISION TO SUBMIT A BALLOT TO ACCEPT OR REJECT THE PLAN. Debtor believes that holders of Common Units will not receive any economic benefit for at least four years from the Effective Date, during which time Reorganized Debtor's Adjusted Net Income will be used to pay General Unsecured Creditors and the holders of the Series A Preferred Units. Any conversion by a Creditor of its Claim from debt to equity in Reorganized Debtor should be considered a long-term investment.

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Creditors may contact Spencer Fisher in Debtor's counsel's office at 503-802-2167 or spencer.fisher@tonkon.com to receive a copy of a discounted cash flow analysis of future revenue of the Company as of April 1, 2017. Creditors who are interested in converting Allowed Claims to Common Units in Reorganized Debtor, as set forth herein, can receive additional information to the extent it exists, is relevant, and is appropriate to be provided, by contacting Spencer Fisher in Debtor's counsel office at 503-802-2167 or spencer.fisher@tonkon.com, verifying that the request for additional information is solely for purposes of deciding whether to convert an Allowed Claim to Common Units, and entering into a standard form confidentiality agreement with Debtor agreeing that any information provided will be used solely for purposes of evaluating whether to convert their claim from debt to Common Units of equity in Reorganized Debtor.

The rights, preferences, and privileges of equity unit holders are set out in the Amended and Restated Limited Liability Company Agreement of Peak Web, LLC ("LLC Agreement") attached to the Plan as **Exhibit B**. The following is a summary of certain material terms of the LLC Agreement. This summary does not purport to describe all the terms of the LLC Agreement. This summary is qualified by reference to the complete LLC Agreement, which is attached as **Exhibit B** to the Plan and incorporated by reference. All creditors are urged to read the LLC Agreement carefully and in its entirety. Capitalized terms not otherwise defined below are as defined in the LLC Agreement.

(i) Rights Of Members

The Company is a limited liability company and will issue units and its owners will be called members. The rights of the members will be governed by the LLC Agreement and the California Revised Uniform Limited Liability Company Act.

(ii) Classes of Membership Units

The Company will be able to issue two classes of units: Series A Preferred Units and Common Units. The LLC Agreement authorizes up to 800,000 Common Units, of

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which 119,500 are reserved for issuance to employees, officers, directors, or managers of the Company under a Unit Plan ("Reserved Units"), and 500,000 Series A Preferred Units.

PSA 9 will receive all 500,000 Series A Preferred Units in the Company in full satisfaction of its Operating Loan. PSA 9, as the holder of all the Series A Preferred Units, will have voting rights and will have an initial capital account currently estimated to equal $510,974.84, representing amounts due under the Operating Loan as of April 1, 2017.

The Common Units of the Company (other than the Reserved Units) will be offered to creditors of the Company with Allowed Claims. Such creditors will be allowed to convert a minimum of $10,000 in Allowed Claims for 10 Common Units, and thereafter, $1,000 in Allowed Claims for each additional 1 Common Unit. Based on a discounted cash flow analysis of future revenue of the Company as of April 1, 2017, 1 Common Unit of the Company shall represent an initial Capital Account value as of April 1, 2017 of $1.49on a fully diluted basis.

The Company will issue 500 Common Units to Jon Billow, as President of the Company.

(iii) Board of Managers

The Company will be managed by a Board of Managers, which will have three managers, each with one vote. The LLC Agreement provides that the initial Board of Managers will be comprised of one person selected by PSA 9 as the Series A Preferred Unit holder, one manager selected by Majority Approval of the Common Members, and the third manager to be the President of the Company, initially Jon Billow.

The Board of Managers of the LLC will have complete authority to manage and control the Company and its business, subject only to rights reserved to the Members as discussed below and under the California Uniform Limited Liability Company Act. Decisions of the Board require the affirmative vote of a majority of managers present at a meeting at which a quorum is in attendance. A quorum will be present if a majority of the managers are present.

(iv) Voting Rights

Except as provided in the Act or the LLC Agreement, each Member shall have one vote per Unit owned by such Member.

Certain actions require either the written consent of the Series A Preferred Member and a Majority Approval of the Common Members or the written consent of the Manager appointed by the Series A Preferred Member and the Manager appointed by the Common Members: (i) altering or changing the rights, preferences or privileges of the Series A Preferred Units; (ii) increasing or decreasing the number of authorized Series A Preferred Units or increasing the number of Units reserved under a Unit Plan; (iii) authorizing the issuance of securities having a preference over or on a par with the Series A Preferred Units; (iv) except as permitted by the LLC Agreement, redeeming, repurchasing, or otherwise acquiring any equity interests in the Company; (v) amending this Agreement or the Articles; (vi) except as permitted under a Unit Plan for employees, officers, directors, Managers or Members and grants approved under such plan, as approved by the Board of Managers, authorizing the issuance of any additional Common Units (or equivalents thereof); (vii) approving a consolidation or merger or a sale of all, substantially all, or a significant portion of the assets of the Company, or recapitalizing, liquidating or dissolving the Company; (viii) changing the number of authorized Managers; or (ix) dissolving or winding up of the Company, or conversion of the Company to another business entity.

(v) Distributions

Subject to a determination by the Board of Managers that a distribution would render the Company insolvent or would otherwise be materially adverse to the Company, the

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LLC Agreement provides that the Company shall distribute to all Members in cash amounts for payment of Estimated Tax Amounts within 90 days after the close of each Fiscal Year.

In addition, Cash Available for Distribution shall be distributed in such amounts and at such times as determined by the Board of Managers and the Series A Preferred Member. If distributions of Cash Available for Distribution are made, it shall be distributed to Members as follows: (i) First, to the Series A Preferred Member until the Series A Preferred Member has received an amount equal to 4.5% interest per annum, compounded monthly, on its initial Capital Account balance, until fully paid (the "Preferred Return"); (ii) Second, to the Series A Preferred Member until the Series A Preferred Member has received an amount equal to its initial Capital Account balance; and (iii) Third, to the Common Members in proportion to their respective Percentage Interests of Common Units. Upon the Company's distribution to the Series A Preferred Member an amount, together will all prior amounts distributed, such that the Series A Preferred Member has collectively received from all such distributions an amount equal to its initial Capital Account plus the Preferred Return), then such final distribution will be in full payment and liquidation of the Series A Preferred Units, and upon such distribution the rights and privileges of the Series A Preferred Member as a Member and holder of Series A Preferred Units will cease without any further action on the part of the Company or the Series A Preferred Member.

(vi) Transfer Restrictions

No holder of Units will be permitted to Transfer Units except as provided under the LLC Agreement. A holder of Units may transfer Units to (i) the Company, or (ii) any Person approved by the Company through written action of the Board of Managers.

b. Section 1145 Exemption

Pursuant to section 1145 of the Bankruptcy Code, the issuance of the Series A Preferred Units and Common Units are exempt from, among other things, the registration requirements of section 5 of the Securities Act and any other applicable United States, state,

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or local law requiring registration for offer or sale of a security or registration or licensing of an issuer of, underwriter of, or broker or dealer in, a security.

c. Section 701 Exemption

The 500 Common Units being issued to Mr. Billow are part of his compensation, so pursuant to SEC Rule 701, the issuance of those Common Units is exempt from the registration requirements of section 5 of the Securities Act.

d. Reorganized Debtor's Operations. In the past, Debtor provided both hosting and consulting services. The business model going forward is based only upon operations as a managed services and consulting business. The hosting business is very capital-intensive, and is based on an economy of scale concept. There is a minimum revenue level required to maintain a profitable hosting business based on the fixed costs of a data center, operational support personnel, and shared infrastructure (network bandwidth and equipment, etc.). Once that minimum break-even threshold has been exceeded, the incremental cost to add revenue is small, and as such the profitability of a hosting business scales very well. Consulting, on the other hand, is much simpler; there is a linear relationship between revenue and costs with consulting, as every dollar of consulting is tied to an hourly labor rate. There are fewer opportunities to increase marginal profitability in consulting as opposed to hosting, but a consulting business can be profitable at almost any revenue level. As Peak focuses more on consulting opportunities however, it believes that hosting opportunities will continue to be present. As soon as Peak has the financial ability from the Litigation Proceeds, or capital investments, or finds a large enough opportunity to cross that minimum profit barrier, it expects to return to a blended hosting/consulting business model to leverage the overall profitability of Reorganized Debtor.

The managed services and consulting business has historically been profitable for Peak and can continue to be so. While every company, regardless of its industry is becoming more dependent on technology, their ability to hire and retain technology staff is not keeping pace. There is no software or hardware that is able to run itself without human intervention during the configuration, implementation, or troubleshooting/maintenance phases. All technology, especially cloud technology, needs talented and experienced engineers to be successful. Managed services and consulting are another way of saying "outsourcing," where companies trade off W2 employees for 1099 contractors and service contracts. This provides companies an opportunity to selectively employ talented engineers that they could not afford or keep busy on a full-time basis. It also allows for companies to retain specific transitory skill sets on a per-project basis.

Peak has over 15 years of experience in the managed services and consulting space. Peak's expertise includes managing Amazon Web Services (AWS) Cloud implementation, as well as the implementation of most enterprise and data center server, storage, and network solutions. Peak has a particularly strong reputation for unsurpassed network engineering capabilities. Peak has successfully performed managed services and consulting work for a number of entities including JDate, MySpace, Facebook, YouTube, Hi5, Hulu, AppNexus, Veoh, SMS.ac, and Oversee.

The managed services model Reorganized Debtor will be providing is similar to the services Peak has offered for the last 15 years, except now the hardware and data center will be owned by the customer, instead of Peak. This positions Peak well to be able to leverage its expertise and best practices, while at the same time not incurring the high fixed overhead and necessity for scale to offer profitable managed hosting.

The primary productized services to be offered by Reorganized Debtor will be global network assessment, architecture design, operational remediation, and software-defined networking engagements. Computer and telephone networks are the backbone of global enterprises, and the evolving complexity, regulatory requirements, and demands on these networks is increasing at an extraordinary rate. Additionally, the advent of "Software Defined Networking" has allowed companies to view their network as software to be

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manipulated, automated, and managed in an entirely new way. Peak has the industry expertise to capitalize on these opportunities in a way that very few other firms are able. Peak already has several Fortune 100 customers who are consuming these services, and this is the target client base for the services moving forward. These companies have the scale, complexity, and reliance on their network, paired with the financial wherewithal to recognize the value Peak provides.

Of Peak's projected revenue for April through December, 2017, 46% ($1,589,760) is based on signed contracts with existing customers. In addition to these signed contacts, an additional 40% ($1,382,400) of Peak's projected revenue for April through December, 2017 is based on anticipated contracts with existing customers who enter into quarterly or job specific contracts with Peak.

e. Reorganized Debtor's Personnel. Jon Billow will be the president and principal active manager of Reorganized Debtor. Mr. Billow has extensive experience in the consulting industry, having worked primarily in this field for his entire career spanning over 24 years. He was a founding partner of Napier Corporation, a project-based technology consulting firm. He grew the firm over four years from two people to over 100 billable engineers, and in 1998, successfully sold the firm to Exodus Communications. Customers were primarily Fortune 1000 clients in the areas of Network infrastructure deployment, data center migrations, and information security audit and intrusion detection analysis.

Subsequent to that, Mr. Billow became the Chief Information Officer for NameSecure Inc. – a network domain registration company. While there, he oversaw the development of the technology platform and professional services team. When the company was acquired by Network Solutions, the valuation for the acquisition was primarily based on this technology platform and engineering team. In 2002, Mr. Billow founded Reipan International (an IT consulting firm), and over the course of eight years built the firm to over

300 billable engineers. In 2010, Reipan was sold to an international IT consulting firm looking to expand by acquiring industry leaders in enterprise IT security. Through these acquisitions, Mr. Billow has generated over $125 million in shareholder value, and has established a successful track record of doing so via organically growing firms in a self-funded, profitable manner.

Reorganized Debtor will substantively be following this same proven, successful recipe that Mr. Billow has used his entire career – the products, services, methodology, targeted customer base, and growth model are identical to the firms where Mr. Billow has historically generated significant shareholder value. As stated above, Mr. Billow will initially receive 500 Common Units in Reorganized Debtor.

Mr. Papen will also assist in the growth and development of the consulting business. Mr. Papen started Peak Web LLC as a network consulting company (Peak Web Consulting), with Mr. Papen having spent significant time developing the global network strategy, design, and implementations for companies such as Yahoo, MySpace, etc. As such, Mr. Papen has over 20 years' experience working side-by-side with management at these companies; individuals who have subsequently founded their own companies, and have become extremely influential in the industry. Mr. Papen maintains these relationships and, combined with his reputations and experience as a keynote speaker at industry events, has the ability to gain access to decision makers and senior level buyers in target customer prospect companies for Reorganized Debtor. Mr. Papen will not receive any ownership units in Reorganized Debtor.

Additional management for Reorganized Debtor will be Erin Stadick, who has been with Peak for three years, and has a long tenure in network engineering. Mr. Stadick is the Director of Strategic Development. Michelle Koert, who has been with Peak for two years and has significant experience with professional services with IBM/Sungard, will be a sales executive.

f. Reorganized Debtor's Operating Projections. Peak will provide consulting and managed services as a profitable and growing business. Peak projects that it will generate approximately $3.5 million in 2017 ($4.5 million annualized), growing to an annual revenue of approximately $7.5 million by the end of 2020. The projected revenue increase is based upon expectations from a proven, experienced sales force and consultants with the experience customers are looking for. Peak's financial projections do not reflect the additional revenue that would be earned once it returns to the hosting business after its anticipated recovery in the Machine Zone Litigation. Reorganized Debtor's projected operating revenue and expenses are attached hereto as **Exhibit 2** and explained below. (Reorganized Debtor's projected Adjusted Net Income, 50% of which will be paid to Unsecured Creditors semi-annually for four years, are also attached hereto as **Exhibit 2**.)

(i) General Methodology and Assumptions. The projections are based upon existing consulting contracts and Debtor's expectations of developing future business with existing contacts and others within the industry as guided by management knowledge, expectations, and experience. The projections were prepared by management of the Company with the help of Mr. Calvert, the CRO. The projections include a number of assumptions, all based upon anticipated revenue growth as determined by management. The major assumption is sales growth. The final projections are conservative, reasonable, and are achievable.

(ii) Overview. The projected revenue assumes that the Company exited the managed hosting space by December 31, 2016 due to the loss of the primary data center space. By the Confirmation Date, the Debtor will have shifted its full focus to a consulting model. Debtor for the past several years performed consulting services for both managed hosting customers and non-hosting pure consulting clients. As such, the revision in the business model is not a new business venture, but rather a focus on the consulting side of

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the business. Additionally, the consulting business enjoys scalability while costs are variable based upon active contracts and sales. Thus, the business is scalable.

(iii) Sales. The success of meeting the revenue forecast sits with the sales team, who have a proven track record and strong commission incentives to drive sales. The sales team will be focused on selling consulting engagements and will no longer be pulled between selling managed hosting and consulting. Debtor expects that each consulting engagement will have a duration of approximately three to four months with an average engagement generating approximately $300,000 in gross revenue. Debtor currently does not have any binding contracts beyond 2017. Management used its personal business experience and current sales pipeline reports to extrapolate sales projections based on its number of sales representatives and estimating the potential of its accounts. In addition, Debtor believes that it will need to be competitively priced for the first year or two. As the client base continues to build in the industry (and the negative of the bankruptcy dissipates) Reorganized Debtor will be able to be more selective in clients and rates charged will improve accordingly. Peak projects that its billing rates will decrease from 2017 to 2018 by 3.3% and then increase from 2018 to 2019 by 4.1%, and increase from 2019 to 2020 by 1.2%. As such, the gross profit on revenue will improve. Lastly, the consulting business model will afford Reorganized Debtor the opportunity to engage clients that previously would have been unattainable as they were not in need of managed hosting but do engage consultants to assist in managing their infrastructure and development.

(iv) Cost of Sales. With a consulting model, the largest cost of sales is labor, which is fully variable depending on the growth in sales. Reorganized Debtor will have the ability to scale up labor as needed to service revenue as it comes in rather than hiring and hoping the revenue will come. Debtor's existing talent base described in Section c above and their connections will ensure the ability to attract quality personnel and clients.

(v) Overhead. Operating expenses remain minimal under the consulting model. Significant support is not needed on the administration side so labor has been reduced accordingly. The engineering team will be performing the engagements primarily at client locations, reducing the need for a large office space. Capital equipment is at a minimum. The primary overhead expenses are related to the selling of new engagements in the form of travel expenses, investing in existing talent to keep skills sharp and leading edge, and maintaining appropriate levels of business insurance. Most of the overhead is fixed in nature. Debtor sees the potential to almost double sales while limiting growth in overhead expenses thereby allowing for increased revenue and increased Adjusted Net Profits.

(vi) Debtor's statements with respect to its ability to be selective with respect to taking on clients, setting billing rates, and attracting personnel, as well as Debtor's statements regarding its prospects to increase sales and limit growth in overhead expenses are based on the opinions and experience of Debtor's current management. The projections for the Reorganized Debtor are not based on third party analyses or market studies.

F. EFFECT OF CONFIRMATION

1. Binding Effect

The treatment of, and consideration received by, holders of Allowed Claims and Interests pursuant to the Plan will be in full satisfaction of their respective Claims against or Interests in Debtor. The Confirmation Order shall bind Debtor and any Creditor, and discharge Debtor from any liability that arose before the Effective Date as provided in Sections 524 and 1141 of the Bankruptcy Code, and any debt and liability of a kind specified in Sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not: (a) a proof of claim based on such Creditor's debt or liability is Filed or deemed Filed under Section 501 of

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the Bankruptcy Code; (b) a Claim based on such debt or liability is Allowed; or (c) the holder of the Claim based on such debt or liability has accepted the Plan.

2. Revesting, Operation of Business

Except as otherwise provided in the Plan, all property of the estate not transferred to the Litigation Trust shall revest in Reorganized Debtor on the Effective Date free and clear of all rights, claims, liens, charges, encumbrances, and interests, except as otherwise specifically provided in the Plan.

3. Injunction

The effect of confirmation shall be as set forth in Section 1141 of the Bankruptcy Code. Except as otherwise provided in the Plan, prior order of the Bankruptcy Court, or in the Confirmation Order, confirmation of the Plan shall act as a permanent injunction applicable to entities against (a) the commencement or continuation, including the issuance or employment of process, of a judicial, administrative, or other action or proceeding of any kind against Debtor or Reorganized Debtor that was or could have been commenced before the entry of the Confirmation Order; (b) the enforcement, attachment, collection, or recovery against Reorganized Debtor, the Litigation Trust, or their respective assets of any judgment, award, decree, or order obtained before the Petition Date; (c) any act to obtain possession of or to exercise control over, or to create, perfect, or enforce a lien upon, all or any part of the assets of Reorganized Debtor or the Litigation Trust; (d) asserting any setoff, right of subrogation or recoupment of any kind against any obligation due to Debtor, Reorganized Debtor, or its property; and (e) proceeding in any manner in any place whatsoever that does not conform to, does not comply with, or is inconsistent with the provisions of the Plan of the Confirmation Order. Neither the injunction nor any provision of the Plan prohibits or otherwise affects Machine Zone's right to prosecute or defend against the consolidated Machine Zone Litigation or to set off any Allowed Claim of Machine Zone against any claim of the Debtor, Reorganized Debtor, or the Litigation Trust.

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4. Event of Default

Upon the occurrence of an Event of Default, the holder of an Allowed Claim to whom performance is due shall have all rights and remedies granted by law (namely, state law breach of contract rights), the Plan, or any agreement between the holder of such Claim and Debtor or Reorganized Debtor.

5. Modification of the Plan; Revocation or Withdrawal of the Plan

Subject to Section 1127 of the Bankruptcy Code, Debtor reserves the right to alter, amend, modify or withdraw the Plan before its substantial consummation so long as the treatment of holders of Claims and Equity Security under the Plan are not adversely affected.

6. Retention of Jurisdiction

Notwithstanding the entry of the Confirmation Order or the Effective Date having occurred, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of or relating to the Chapter 11 Case, including but not limited to the following matters to: (a) classify the Claim or interest of any Creditor or Interests, reexamine Claims or Interests that have been owed for voting purposes, and determine any objections that may be Filed to Claims or Interests; (b) determine requests for payment of Claims entitled to priority under Section 507(a) of the Bankruptcy Code, including compensation and reimbursement of expenses in favor of professionals employed at the expense of the bankruptcy estate; (c) avoid transfers or obligations to subordinate Claims under Chapter 5 of the Bankruptcy Code; (d) approve the assumption, assignment, or rejection of an executory contract or an unexpired lease pursuant to this Plan; (e) resolve controversies and disputes arising in connection with the interpretation, implementation, or enforcement of this Plan; (f) implement the provision of this Plan and enter orders in aid of confirmation and/or the discharge, or the effect of such discharge, provided to Debtor; (g) determine the validity, priority or extent of any Claims or Claims of lien; (h) adjudicate adversary proceedings, applications, contested matters, or other litigation matters pending on the Effective Date or hereafter commenced in this Bankruptcy Case; (i) order and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated; (j) hear and determine any applications to modify the Plan, to cure any defect or omission, or to reconcile any inconsistency in the Plan or related documents, or in any order of the Bankruptcy Court, including the Confirmation Order; (k) ensure that distributions to holders of Allowed Claims are accomplished as provided herein; (l) hear and determine any issue arising out of or related to the Litigation Trust, and any issues presented as arising under the Litigation Trust Agreement; (m) hear and determine objections to or requests for estimations of Claims, including any objections to the classification of any Claim and to allow, disallow and/or estimate any Claim in whole or in part; (n) hear and determine any other matters related hereto and not inconsistent with Chapter 11 of the Bankruptcy Code; and (o) enter a final decree closing this Bankruptcy Case.

7. United States Trustee Fees

Reorganized Debtor shall be responsible for timely payment of fees incurred pursuant to 28 U.S.C. § 1930(a)(6) until the case is closed, converted or dismissed. After confirmation, Reorganized Debtor shall serve on the United States Trustee a financial report for each quarter, or portion thereof, that the case remains open. The quarterly financial report shall include a statement of all disbursements made during the course of the quarter, whether or not pursuant to the Plan.

VIII. LIQUIDATION ANALYSIS

A Plan of Reorganization cannot be confirmed unless the Bankruptcy Court finds that the Plan is in the "best interest of creditors" or holders of Claims against, and Equity Security in, Debtor subject to such plan. The best interest test is satisfied if a plan provides each dissenting or non-voting member of each impaired Class with a recovery not less than the recovery such member would receive if Debtor was liquidated in a hypothetical case under Chapter 7 of the Bankruptcy Code by a Chapter 7 Trustee. Debtor believes the

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holders of impaired Claims will not receive less than they would receive under a Chapter 7 liquidation. In applying the "best interest" test, the Bankruptcy Court would ascertain the hypothetical recovery in a Chapter 7 proceeding to Secured Creditors, priority claimants, General Unsecured Creditors, and Equity Interest Holders. The hypothetical Chapter 7 recoveries would then be compared with the distribution offered to each Class of Claims or Equity Security under the Plan to determine that the Plan satisfied the "best interest" test set forth in the Bankruptcy Code.

A Chapter 7 liquidation of Debtor's case would result in the immediate cessation of Peak's operations. Substantially all assets would be liquidated and distributed to the Secured Creditors, with the Secured Creditors realizing less than the amount proposed under the Plan. Unsecured Creditors and Equity Security holders would likely receive nothing in a liquidation from the liquidation value of Debtor's assets. Debtor's liquidation analysis showing projected results of a liquidation of Debtor's assets (other than Debtor's claims in the Machine Zone Litigation and claims under Chapter 5 of the Bankruptcy Code) is attached hereto as **Exhibit 3**. The liquidation analysis shows that Unsecured Creditors, Priority Creditors, Administrative Expense Creditors, and even some Secured Creditors, would receive nothing in a Chapter 7 bankruptcy.

If the Bankruptcy Case were liquidated, the Chapter 7 Trustee would determine whether to pursue the Machine Zone Litigation. The Machine Zone Litigation has less value in a Chapter 7 under the Trustee's control than in the current Chapter 11 under Peak's control. Debtor believes that the Machine Zone Litigation would be more difficult to pursue in a Chapter 7 because the people most knowledgeable about the facts of the case would no longer be affiliated with Peak, leaving the Chapter 7 Trustee without the necessary people to develop, and assist in prosecuting the case; the Chapter 7 Trustee would have no personal knowledge of the facts in the case; and the Litigation Loan used to finance Peak's expenses in the Machine Zone Litigation, described in section III(C) above, would terminate.

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Debtor believes it is likely that the Machine Zone Litigation would be settled for less than the amount owed to the Secured Creditors, the expenses of the litigation, Chapter 11 Administrative Expenses, and the Chapter 7 Trustee fees and costs. There would likely be no recovery to Unsecured Creditors. On the other hand, Debtor has the incentive, knowledge, resources and team in place to aggressively pursue a full and fair recovery.

IX. POSSIBLE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

A. INTRODUCTION

Implementation of the Plan may have federal, state, local and foreign tax consequences for Debtor, Creditors and Equity Security Holders. No tax opinion or ruling has been sought or will be obtained with respect to any tax consequences of the Plan, and the following discussion does not constitute and is not intended to constitute either a tax opinion or tax advice to any person.

The following discussion is based on the Internal Revenue Code of 1986, as amended (the "IRC"), the Treasury Regulations promulgated thereunder, and published rulings and court decisions in effect as of the date hereof, all of which are subject to change, possibly retroactively, and such changes could modify or adversely affect the federal income tax consequences summarized below. There can be no assurance that the Internal Revenue Service will agree with the federal income tax consequences described below.

The federal income tax consequences of the Plan are complex. Each Creditor and each Equity Security Holder is strongly urged to consult its own tax advisers as to the particular federal, state, local and foreign income and other tax consequences of the transactions contemplated by the Plan.

B. CANCELLATION OF DEBT INCOME: GENERAL RULE

Subject to certain exceptions, a debtor realizes income (referred to herein as "cancellation of debt" or "COD" income) upon the discharge or cancellation of its outstanding indebtedness equal to the excess (if any) of (a) the amount of indebtedness

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discharged over (b) the amount of cash plus the issue price of any new indebtedness issued plus the fair market value of any other consideration given in satisfaction of the indebtedness.

One of the exceptions to this general rule provides that a debtor is not required to include COD income in gross income if Debtor is under the jurisdiction of the court in a Title 11 case and the discharge is granted by the court or the discharge is pursuant to a plan approved by the court. Instead, the amount excluded from gross income is applied to reduce certain tax attributes of Debtor is a specified order. Tax attributes generally are reduced by one dollar for each dollar excluded from gross income, except that tax credits are reduced by one-third of the amount excluded from gross income. Notwithstanding the general order of attribute reduction, the IRC provides a debtor with an election to reduce its tax basis in depreciable assets prior to reducing net operating losses. The reduction in tax attributes generally takes effect after the federal income tax is determined for the tax year in which the debt discharge occurs.

C. GENERAL TAX CONSEQUENCES TO EQUITY SECURITY HOLDERS

Debtor is classified as a partnership for federal income tax purposes. Section 1399 of the IRC provides that no separate taxable entity is created as a result of a partnership in bankruptcy. Therefore, the commencement of a bankruptcy proceeding by or against Debtor will not result in the creation of a new taxable entity, nor will the commencement of the proceedings result in the recognition of any income, gain or loss to Debtor, or result in the acceleration of any income or recapture of any tax benefits to Debtor or Equity Security Holders.

As a partnership, Debtor is not itself generally subject to federal income tax. Instead, the Equity Security Holders are required to report on their respective income tax returns their allocable shares of Debtor's income, gains, losses, credits and deductions without regard to whether they receive any corresponding cash distributions. If any Equity

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Security Holder is also classified as a partnership or another types of pass-through entity, such as an S corporation, its allocable share of Debtor's income, gains, losses, credits and deductions will similarly be passed through to its owners.

Reorganized Debtor is expected to continue to be classified as a partnership after confirmation of the Plan. Accordingly, Reorganized Debtor's post-confirmation income, gains, losses, credits and deductions will continue to be passed through to its equity security holders. Specifically, the Operating Loan Lender (and any subsequent holder of Series A Preferred Units) is expected to be allocated amounts of income equal to the amount of the preferred return payable with respect to its Series A Preferred Units, and the holders of Common Units are expected to be allocated the balance of Reorganized Debtor's income, pro rata in accordance with the number of Common Units held by each. Reorganized Debtor's Amended and Restated Limited Liability Company Agreement required Reorganized Debtor to make tax distributions to its unitholders, but if Reorganized Debtor does not have sufficient cash to make such distributions, Reorganized Debtor's unitholders could be allocated and required to pay income tax on Reorganized Debtor's income without receiving any cash distributions to cover such tax.

In addition, under the IRC, any cancellation of debt income recognized by Debtor will flow through to the Equity Security Holders. Because the IRC exclusions from cancellation of debt income for discharge of debt in a Title 11 Bankruptcy Case or with respect to an insolvent taxpayer are applied at the ultimate beneficial owner level, they will not be available with respect to the Equity Security Holders, unless an Equity Security Holder is itself the subject of a Title 11 Bankruptcy Case or is insolvent.

D. GENERAL TAX CONSEQUENCES TO HOLDERS OF ALLOWED CLAIMS

Allowed Claims are expected to be paid from a portion of the Adjusted Net Income of Reorganized Debtor and from the proceeds of the Litigation Trust. Each holder of

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an Allowed Claim will be treated as if the Allowed Claim was paid and extinguished in exchange for an amount equal to the sum of the Adjusted Net Income received by the holder and the holder's allocable share of the Litigation Trust Assets that will be transferred to the Litigation Trust, as described in Part IX.E below.

The holder of an Allowed Claim that elects to convert all or a portion of its Allowed Claim to Common Units will be treated for tax purposes as contributing its debt to Reorganized Debtor in exchange for an equity interest and should not recognize any gain or loss on such contribution. However, nonrecognition treatment will not apply to the extent that the Common Units are issued in exchange for indebtedness for unpaid rent, royalties or interest (including accrued original issue discount) that accrued on or after the beginning of the holder of the Allowed Claim's holding period for the indebtedness. Instead, these items should result in income or loss to the holder of the Allowed Claim.

To the extent that the holder of an Allowed Claim does not elect conversion to Common Units, the holder will be treated as if the Allowed Claim was paid and ext6inguished in exchange for an amount equal to the sum of the Adjusted Net Income received by the holder and the holder's allocable share of the Litigation Trust Assets that will be transferred to the Litigation Trust, as described in Part IX.E below.

The tax consequences of the Plan to a holder of such an Allowed Claim will depend, in part, on the type of consideration the holder receives in exchange for the Allowed Claim, whether the holder reports income on the accrual or cash-basis method, and whether the holder receives distributions under the Plan in more than one taxable year.

In general, a holder of an Allowed Claim that receives cash or property – including an allocable share of the Litigation Trust Assets that are transferred to the Litigation Trust – in satisfaction of its Allowed Claim in a single taxable year will recognize (a) ordinary interest income to the extent such payments are attributable to interest that has accrued but has not been previously taken into income by the holder with respect to the

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Allowed Claim and (b) gain or loss in an amount equal to the difference between (i) the amount of cash and the fair market value of other property received by such holder in satisfaction of such Allowed Claim (other than amounts attributable to accrued interest, which is taxed as described above) and (ii) the holder's adjusted tax basis in such Allowed Claim. If the Allowed Claim is for a loan, the holder may be entitled to a bad debt deduction to the extent the amount received is less than the tax basis of the loan. The general tax consequences to holders of Allowed Claims arising from the transfer of Litigation Trust Assets to the Litigation Trust are described in Part IX.E below.

Where gain or loss is recognized by a holder of an Allowed Claim under the foregoing rules, the character of such gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the holder, whether the Allowed Claim constitutes a capital asset in the hands of the holder and how long it has been held, whether the Allowed Claim was acquired at a market discount, and whether and to what extent the holder had previously claimed a bad debt deduction.

E. GENERAL TAX CONSEQUENCES TO THE LITIGATION TRUST, HOLDERS OF ALLOWED CLAIMS, AND INTERESTS HOLDERS FOLLOWING TRANSFER OF MACHINE ZONE CLAIMS

1. Classification of Litigation Trust for Federal Income Tax Purposes

The Litigation Trust is intended to qualify as a "liquidating trust" for U.S. federal income tax purposes. In general, a liquidating trust is not a separate taxable entity, but instead is treated for U.S. federal income tax purposes as a "grantor trust." However, merely establishing a trust as a liquidating trust does not ensure that it will be treated as a grantor trust for U.S. federal income tax purposes. The Internal Revenue Service ("IRS"), in Revenue Procedure 94-45, 1994-2 C.B. 684, set forth the general criteria for obtaining an IRS ruling as to the grantor trust status of a liquidating trust under a Chapter 11 plan. The Litigation Trust will be structured to comply with such general criteria. The following discussion

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assumes that the Litigation Trust will be respected as a grantor trust for U.S. federal income tax purposes. However, no opinion of counsel has been requested, and the Litigation Trustee does not intend to obtain a ruling from the IRS, concerning the tax status of the Litigation Trust as a grantor trust. Accordingly, there can be no assurance that the IRS would not take a contrary position. If the IRS were to challenge successfully the classification of the Litigation Trust, the U.S. federal income tax consequences to the Litigation Trust could vary from those discussed herein (including the potential for an entity-level tax on income of the Litigation Trust).

2. General Tax Consequences of Transfer of Machine Zone Claims to Litigation Trust

The transfer of the Litigation Trust Assets to the Litigation Trust should be treated for federal tax purposes as the transfer of the Litigation Trust Assets to the holders of Allowed Claims and to the Interests holders (collectively, the "Beneficiaries"), immediately followed by the Beneficiaries' contribution of the Litigation Trust Assets to the Litigation Trust. As soon as practicable after the Effective Date, the Trustee of the Litigation Trust in consultation with advisors and consultants, as appropriate, will determine and report the value of the Litigation Trust Assets and the portion of such value allocable to each Beneficiary in accordance with applicable law. It is expected that the Trustee's valuation will take into account a number of factors, including but not limited to its estimation of the likelihood that Debtor will prevail on the Machine Zone Litigation claims, the estimated cost of the litigation, and the estimated duration of the litigation. All parties to and Beneficiaries of the Litigation Trust must consistently use such valuation for all U.S. federal income tax purposes.

As detailed in Part IX.D above, the holders of Allowed Claims will recognize income, gain, deduction or loss upon the deemed transfer to them of their allocable shares of the Litigation Trust Assets, depending on the nature and character of their respective

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Allowed Claims. The Interests holders are not expected to recognize any income, gain, deduction or loss upon the deemed transfer to them of their allocable shares of the Litigation Trust Assets. The Beneficiaries' deemed contributions to the Litigation Trust should be tax-free.

The tax bases of the Litigation Trust Assets will be adjusted to equal their fair market value. There will be no carryover basis from Debtor's Bankruptcy Estate. A new holding period for the proceeds of the Litigation Trust Assets will begin upon the transfer to the Litigation Trust.

3. General Tax Consequences of Litigation Trust Following Contribution of Machine Zone Claims

As a grantor trust, the Litigation Trust will not be liable for income taxes. Instead, the Litigation Trust's income, gains, losses, credits and deductions will be passed through to the Beneficiaries, who will report on their federal income tax returns their allocable shares of such income, gains, losses, credits and deductions. The character of items of income, gain, loss, deduction and credit to any Beneficiary holding a beneficial interest in the Litigation Trust, and the ability of the Beneficiary to benefit from any deductions or losses, may depend on the particular circumstances or status of the Beneficiary.

The Beneficiaries' obligation to report their respective shares of the Litigation Trust's tax items is not dependent on the distribution of any cash or other Litigation Trust assets by the Litigation Trust. Accordingly, a Beneficiary may incur a tax liability as a result of owning a share of the proceeds of the Litigation Trust Assets, regardless of whether the Litigation Trust distributes cash or other assets. In addition, due to possible differences in the timing of income on, and the receipt of cash from the Litigation Trust, a Beneficiary may be required to report and pay tax on a greater amount of income for a taxable year than the amount of cash received by the Beneficiary during the year.

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The Litigation Trust will file annual information tax returns with the IRS as a grantor trust pursuant to Treasury Regulations Section 1.671-4(a) that will include information concerning certain items of income, gain, loss, deduction and credit. Each Beneficiary will receive a copy of the information returns and must report on its federal income tax return its share of all such items.

F. INFORMATION REPORTING AND BACKUP WITHHOLDING

Certain payments, including the payments with respect to Claims pursuant to the Plan, are generally subject to information reporting by the payor to the IRS. Moreover, under certain circumstances, a holder of a Claim may be subject to "backup withholding" with respect to payments made pursuant to the Plan, unless such holder either (a) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates this fact, or (b) provides a correct United States taxpayer identification number and certifies under penalty of perjury that the holder is a United States person, the taxpayer identification number is correct, and that the taxpayer is not subject to backup withholding because of a failure to report all dividend and interest income. Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credit against the holder's United States federal income tax liability, and the holder may obtain a refund any excess amounts withheld under the backup withholding rules by filing an appropriate claim for refund with the IRS.

G. GENERAL DISCLAIMER

The federal income tax consequences of the Plan are complex. The foregoing discussion is not intended to be a substitute for careful tax planning, particularly since certain of the federal tax consequences of the Plan will not be the same for all Creditor, Equity Security Holders or other persons due to their individual circumstances. Each Creditor and each Equity Security Holder (including the ultimate beneficial owners of Equity Security Holders that are pass-through entities) is urged to consult with its own tax advisors in

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determining the federal, state local and foreign income and other tax consequences of the transactions contemplated by the Plan.

X. ACCEPTANCE AND CONFIRMATION OF THE PLAN

A. CONFIRMATION HEARING

The Bankruptcy Court has scheduled a hearing on confirmation of the Plan on ___________________, at ________ Pacific time. The hearing will be held at the U.S. Bankruptcy Court for the District of Oregon, 1001 SW Fifth Avenue, Portland, Oregon in Courtroom No. 1, before the Honorable Peter C. McKittrick, United States Bankruptcy Judge. At that hearing, the Bankruptcy Court will consider whether the Plan satisfies the various requirements of the Bankruptcy Code, including whether it is feasible and whether it is in the best interest of Creditors and Equity Security Holders of Debtor. Debtor will submit a report to the Bankruptcy Court prior to the hearing concerning the votes for acceptance or rejection of the Plan by the parties entitled to vote thereon. Any objection to confirmation of the Plan must be timely filed on or before _________________________ to be considered by the Court.

B. REQUIREMENTS OF CONFIRMATION

At the hearing on confirmation, the Bankruptcy Court will determine whether the provisions of Section 1129 of the Bankruptcy Code have been satisfied. If all of the provisions of Section 1129 are met, the Bankruptcy Court may enter an order confirming the Plan. Debtor believes the Plan satisfies all of the requirements of Chapter 11 of the Bankruptcy Code, that it has complied or will have complied with all of the requirements of Chapter 11, and that the Plan has been proposed and is made in good faith.

C. CRAMDOWN

As discussed in Section II(D) above, the Court may confirm a Plan, even if it is not accepted by all impaired classes, if the Plan has been accepted by at least one impaired Class of Claims and the Plan meets the cram down requirements set forth in Section 1129(b) of the Bankruptcy Code. In the event that any impaired Class of Claims does not accept the Plan, Debtor requests that the Bankruptcy Court confirm the Plan in accordance with Section 1129(b) of the Bankruptcy Code or otherwise permit Debtor to modify the Plan.

D. FEASIBILITY

Debtor believes that confirmation of the Plan is not likely to be followed by the liquidation of Reorganized Debtor or a need for a further financial reorganization of Reorganized Debtor. Debtor is already liquidating certain assets through the Liquidation Trust. Further, as described in Section VII.E.2.c. above and illustrated in **Exhibit 2** attached hereto, Reorganized Debtor will be able to operate profitably after confirmation.

E. RISK FACTORS

Debtor's operations and financial results are subject to various risks and uncertainties that could adversely affect its business, cash flows, financial condition and results of operations. Additional risks and uncertainties not currently known to Peak or that are not identified here may also materially and adversely affect the business, cash flows, financial condition, or results of operations. Statements that refer to expectations, projections, or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. These statements are not guarantees and are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, actual results could differ materially and adversely from forward-looking statements or projections. Some important factors that could cause Reorganized Debtor's actual results to differ from expectations in any forward-looking statements include, but are not limited to, those risks discussed and summarized below.

1. General Factors

a. Financial Performance May Vary. As discussed in Section VII.E.2.b. in this Disclosure Statement, Reorganized Debtor expects to engage in the managed services and consulting business for the initial period following confirmation.

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Subsequently, it may again return to the hosting business. Peak has projected financial results that reflect providing managed services and consulting services to existing and new customers based on known facts and hypothetical assumptions. Actual financial results, however, may differ significantly from the projections. Reorganized Debtor may not be able to meet the projected financial results or achieve the revenue or cash flow that it has assumed in projecting future business prospects.

If Debtor has insufficient cash to pay all Allowed Administrative Expense Claims in full upon confirmation, it will need to reach arrangements with these Claimants to defer payment of their respective Administrative Expense Claims in order to confirm the Plan.

b. The Outcome of the Machine Zone Litigation is Unknown. As described in Section III.C., Peak is pursuing claims against Machine Zone in the Machine Zone Litigation. While Peak believes there is the potential for a significant recovery against Machine Zone or others, it is unknown whether judgments will be awarded in Peak's favor, how long it will take to obtain judgments, how much the judgment awards will be, or what amount Peak might otherwise be able to obtain through settlements. If Peak were to prevail on its claims at trial, then all Creditors would be paid in full and there would be substantial equity. If Peak loses on its claims at trial, the Creditors would be paid only from Reorganized Debtor's continued operations. If settlements are reached, then the proceeds would be distributed to Creditors in the order of priority under the Bankruptcy Code.

c. Competition. Several companies provide managed hosting and consulting services in competition with Peak.

d. Staffing. Employee staffing in the managed services and consulting business is a key to success and is highly competitive. Reorganized Debtor's business model relies upon retaining certain of its existing staff, and later hiring additional managed hosting and consulting staff. Peak's projections are based on its prior business

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success and ability to attract talented staff. However, if key staff were to leave or Peak were unable hire sufficient additional qualified employees, it would have a material adverse effect on Reorganized Debtor's business.

F. ALTERNATIVES TO CONFIRMATION OF THE PLAN

If a Plan is not confirmed, Debtor or another party in interest may attempt to formulate or propose a different plan or plans of reorganization. Such plans might involve a reorganization and continuation of Debtor's business, a sale of Debtor's business as a going concern, an orderly liquidation of Debtor's assets, or any combination thereof. If no plan of reorganization is determined by the Bankruptcy Court to be confirmable, the Bankruptcy Case may be converted to a liquidation proceeding under Chapter 7 of the Bankruptcy Code.

In a Chapter 7 liquidation, a Trustee would be appointed or elected with the purpose of liquidating Debtor's assets. Typically, in a liquidation, assets are sold for less than their going concern or fair market valuation and, accordingly, the return to Creditors is less than the return in a reorganization, which derives the value to be distributed from the business as a going concern. Proceeds from a Chapter 7 liquidation would be distributed to Creditors and Interest holders of Debtor in accordance with the priorities set forth in the Bankruptcy Code. Generally, distributions would not be made until the end of a Chapter 7 case and there would be no interim distributions. As explained in Section VIII above, if Debtor's case were converted to Chapter 7, Debtor believes the Secured Creditors would receive relief from the automatic stay to collect the liquidation value of their collateral, and General Unsecured Creditors and Interest holders would likely receive nothing. Debtor urges all parties to vote to accept the Plan.

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XI. CONCLUSION

Please read this Disclosure Statement and the Plan carefully. After reviewing all the information and making an informed decision, please vote by using the enclosed ballot.

DATED this 10th day of February , 2017.

PEAK WEB LLC

By */s/ Jeffrey Papen*
Jeffrey Papen, CEO

Presented by:

TONKON TORP LLP

By */s/ Timothy J. Conway*
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UNITED STATES BANKRUPTCY COURT

DISTRICT OF OREGON

In re Peak Web LLC, Debtor.	Case No. 16-32311-pcm11 **DEBTOR'S REVISED SECOND AMENDED PLAN OF REORGANIZATION (FEBRUARY 10, 2017)**

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Peak Web LLC ("Peak" or "Debtor") as Debtor and debtor-in-possession, proposes the following Plan of Reorganization ("Plan") pursuant to Section 1129(a) of Title 11 of the United States Code. This Plan provides the terms upon which Peak will restructure its business and provide payments to its creditors. The Plan provides for a Litigation Trust to be established to pursue the Machine Zone Litigation and related claims and for Peak to restructure its business as a managed services and consulting business. The Plan provides for payment to creditors primarily from any recovery in the Machine Zone Litigation and, to the extent necessary, from Peak's future business operations. The Disclosure Statement provided herewith will assist you in understanding this Plan and making an informed judgment concerning how to vote. However, the terms of this Plan, not what is contained in the Disclosure Statement, shall control and be binding on the parties if this Plan is confirmed by the Bankruptcy Court.

ARTICLE 1

DEFINITIONS

Definitions of certain terms used in this Plan are set forth below. Other terms are defined in the text of this Plan or the text of the Disclosure Statement. In either case, when a defined term is used, the first letter of each word in the defined term is capitalized. Terms used and not defined in this Plan or the Disclosure Statement shall have the meanings given in the Bankruptcy Code or Bankruptcy Rules, or otherwise as the context requires. The meanings of all terms shall be equally applicable to both the singular and plural, and masculine and feminine, forms of the terms defined. The words "herein," "hereof," "hereto," "hereunder," and others of similar import, refer to the Plan as a whole and not to any particular section, subsection, or clause contained in the Plan. Captions and headings to articles, sections, and exhibits are inserted for convenience of reference only and are not intended to be part of or to affect the interpretation of the Plan. The rules of construction set forth in Section 102 of the Bankruptcy Code shall apply. In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply. Any capitalized term that is not defined herein, but is defined in the Bankruptcy Code, shall have the meaning ascribed to such term in the Bankruptcy Code.

1.1 "Adjusted Net Income" means Reorganized Debtor's Net income in accordance with GAAP, measured on a semi-annual basis, (December 31 and June 30) less Plan payments on Allowed Claims other than General Unsecured Claims, add depreciation and amortization expense back, less actual capital expenditures (capped at $75,000) less accrued taxes payable, add actual taxes paid by members, less an increase in reasonable working capital reserve not to exceed $250,000 in any given year or $500,000 in total.

1.2 "Administrative Convenience Claim" means any Allowed Unsecured Claim that is equal to or less than $3,000, or that has been reduced by election in writing to $3,000, provided that such written election shall be served on Debtor no later than the date fixed by the Court for the filing of acceptances or rejections of the Plan unless otherwise approved by Debtor in its sole discretion.

1.3 "Administrative Expense Claim" means any Claim entitled to the priority afforded by Sections 503(b) and 507(a)(2) of the Bankruptcy Code.

1.4 "Allowed" means, with respect to any Claim, proof of which has been properly and timely Filed or, if no Proof of Claim was so Filed, which was or hereafter is listed on the Schedules as liquidated in amount and not disputed or contingent, and, in either case, a Claim as to which no objection to the allowance thereof, or motion to estimate for purposes of allowance, shall have been Filed on or before any applicable period of limitation that may be fixed by the Bankruptcy Code, the Bankruptcy Rules, and/or the Bankruptcy Court, or as to which any objection, or any motion to estimate for purposes of allowance, shall have been so Filed, to the extent allowed by a Final Order.

1.5 "Allowed Secured Claim" means an Allowed Claim that is secured by a lien, security interest, or other charge against or interest in property in which Debtor has an interest or that is subject to setoff under Section 553 of the Bankruptcy Code, to the extent of the value (as set forth in the Plan or, if no value is specified, as determined in accordance with Section 506(a) of the Bankruptcy Code or, if applicable, Section 1111(b) of the Bankruptcy Code) of the interest of the holder of such Claim in Debtor's interest in such property or to the extent of the amount subject to setoff, as the case may be.

1.6 "Allowed Unsecured Claim" means an Allowed Claim that is not an Allowed Secured Claim or an Allowed Administrative Expense Claim.

1.7 "Avoidance Actions" means, without limitation, any and all actions, causes of action, liabilities, obligations, rights, suits, debts, sums of money, damages, judgments, claims, and demands whatsoever, whether known or unknown, in law (including, without limitation, Sections 506(c), 510, 542, 544, 547, 548, 549, 550, and 553 of the Bankruptcy Code or equivalent provisions of applicable non-bankruptcy law), equity, or otherwise.

1.8 "Bankruptcy Case" means the case under Chapter 11 of the Bankruptcy Code with respect to Debtor, pending in the District of Oregon, administered as *In re Peak Web LLC,* Case No. 16-32311-pcm11.

1.9 "Bankruptcy Code" means the Bankruptcy Reform Act of 1978, as amended from time to time, set forth in Sections 101 et seq. of Title 11 of the United States Code.

1.10 "Bankruptcy Court" means the United States Bankruptcy Court for the District of Oregon, or such other court that exercises jurisdiction over the Bankruptcy Case or any proceeding therein, including the United States District Court for the District of Oregon, to the extent the reference to the Bankruptcy Court or any proceeding therein is withdrawn.

1.11 "Bankruptcy Rules" means, collectively, the Federal Rules of Bankruptcy Procedure, as amended and promulgated under Section 2075, Title 28, of the United States Code, and the local rules and standing orders of the Bankruptcy Court.

1.12 "Business Day" means a day other than a Saturday, Sunday, any legal holiday as defined in Bankruptcy Rule 9006(a), or any other day on which banks in Portland, Oregon are authorized or required by law to be closed.

1.13 "Cash" means lawful currency of the United States of America and equivalents, including, without limitation, checks, wire transfers, and drafts.

1.14 "Claim" means (a) any right to payment from Debtor arising before the Effective Date, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured; or (b) any right to an equitable remedy against Debtor arising before the Effective Date for breach of performance if such breach gives rise to a right of payment from Debtor, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

1.15 "Class" means one of the classes of Claims defined in Article 3 hereof.

1.16 "Collateral" means any property in which Debtor has an interest that is subject to a lien or security interest securing the payment of an Allowed Secured Claim.

1.17 "Committee" means the Official Unsecured Creditors' Committee appointed in this case by the United States Trustee pursuant to Section 1102 of the Bankruptcy Code, as reconstructed by the addition or removal of members from time to time.

1.18 "Common Units" means common LLC equity units in Reorganized Debtor issued under this Plan and as more fully described in the Amended and Restated Limited Liability Company Agreement of Peak Web LLC substantially in the form attached hereto as **Exhibit B**.

1.19 "Confirmation Date" means the date on which the Confirmation Order is entered on the docket by the Clerk of the Bankruptcy Court.

1.20 "Confirmation Order" means the order of the Bankruptcy Court confirming the Plan in accordance with the provisions of Chapter 11 of the Bankruptcy Code.

1.21 "Creditor" means any entity holding a Claim against Debtor.

1.22 "Debtor" means Peak Web LLC as Debtor and debtor-in-possession in the Bankruptcy Case.

1.23 "Deficiency Claim" means the portion of a Secured Claim that is unsecured, which will be treated as an Unsecured Claim.

1.24 "Disclosure Statement" means Debtor's Disclosure Statement as amended, modified, restated, or supplemented from time to time, pertaining to the Plan.

1.25 "Disputed Claim" means a Claim with respect to which a Proof of Claim has been timely Filed or deemed timely Filed under applicable law, and as to which an objection, timely Filed, has not been withdrawn on or before the Effective Date or any date fixed for filing such objections by order of the Bankruptcy Court, and has not been denied by a Final Order.

1.26 "Effective Date" means the first day of the first full month after the Confirmation Date and after which the conditions to effectiveness set forth in Section 6.8 have been waived or satisfied.

1.27 "Entity" shall have the meaning ascribed to it by Section 101(15) of the Bankruptcy Code.

1.28 "Equity Security" shall have the meaning ascribed to it in Section 101(16) of the Bankruptcy Code with respect to any Equity Security Holder of Debtor.

1.29 "Equity Security Holder" means a holder of an Equity Security of Debtor.

1.30 "Filed" means filed with the Bankruptcy Court in the Bankruptcy Case.

1.31 "Final Order" means an order or judgment entered on the docket by the Clerk of the Bankruptcy Court or any other court exercising jurisdiction over the subject matter and the parties that has not been reversed, stayed, modified, or amended, and as to which the time for filing a notice of appeal, or petition for certiorari or request for certiorari, or request for rehearing, shall have expired and is no longer subject to remand, retrial, modification, or further proceedings of any kind or nature.

1.32 "General Unsecured Claim" means an Unsecured Claim that is not an Administrative Convenience Claim.

1.33 "Insider" shall have the meaning ascribed to it by Section 101(31) of the Bankruptcy Code.

1.34 "Interests" means all rights of Jeffrey Papen and FWH Holdings, LLC, the owners of Peak as of the Petition Date, on account of their issued and outstanding membership Interests of Debtor as of the Petition Date.

1.35 "Litigation" means the Machine Zone Litigation.

1.36 "Litigation Loan" means the Peak Web LLC Loan and Security Agreement entered into with PSA 9, LLC and related Secured Promissory Notes as approved by the Final Order Authorizing Debtor to Obtain First Priority Secured Credit (Litigation Loan) entered by the Bankruptcy Court on August 9, 2016, as may be supplemented, modified, or amended from time to time.

1.37 "Litigation Loan Lender" means PSA 9, LLC, the lender of the Litigation Loan, and any other lender, participant, successor, and/or assign with respect to the Litigation Loan.

1.38 "Litigation Proceeds" means the proceeds received by the Litigation Trust from the liquidation of the Litigation Trust Assets.

1.39 "Litigation Trust" means the Litigation Trust established by the Plan as set forth in the Litigation Trust Agreement.

1.40 "Litigation Trust Agreement" means the Litigation Trust Agreement attached hereto as **Exhibit A**, established, organized, and implemented through confirmation of Debtor's Plan in accordance with 11 U.S.C. §§ 1123(a)(5)(B) and 1123(b)(3)(B) of the Bankruptcy Code.

1.41 "Litigation Trust Assets" means (a) Peak's claims against Machine Zone in *Peak Web LLC v. Machine Zone, Inc., Epic War LLC and Does 1 through 10, inclusive,* Santa Clara County Superior Court Case No. 1-15-cv-288681, and all other claims Debtor may have arising out of or related to any of the facts, circumstances, events, or issues raised therein against Machine Zone, Inc., Epic War LLC, and Does 1 through 10 inclusive; (b) any and all other claims or causes of action in any way related to or arising out of the same or similar facts, circumstances, events, or issues described therein, whether against Machine Zone, Epic War, or any other party, whether or not that party is or may become a party to the above-captioned litigation or another action that may be subsequently filed; (c) all of Debtor's intellectual property rights and trade secrets; (d) any and all avoidance or recovery claims of Debtor's bankruptcy estate under Chapter 5 of the Bankruptcy Code; and (e) any other claims or assets transferred to the Litigation Trust pursuant to the Plan, Confirmation Order, or this Agreement, and any income, proceeds, profits, revenue, or assets generated therefrom.

1.42 "Machine Zone Litigation" means the complaint (and any subsequent amendments) Peak filed against Machine Zone, Inc., Epic War, and Does 1 through 10 in the complex department of the Superior Court of California, County of Santa Clara, Case No. 1-15-cv-288681, alleging causes of action for (a) misappropriation of trade secrets, (b) breach of contract, (c) breach of implied covenant of good faith and fair dealing, (d) negligent misrepresentation, (e) fraudulent inducement, (f) unfair competition,

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(g) promissory estoppel, (h) conversion, (i) declaratory relief, and (j) such other and further claims as may be alleged from time to time.

1.43 "Operating Loan" means the Operating Line of Credit Agreement made and entered into as of June 13, 2016 by and among PSA 9, LLC and Debtor, and all related Operating Optional Advance Notes as set forth in the Final Order Authorizing Debtor to Obtain Unsecured Credit Pursuant to Bankruptcy Rule 4001 (Operating Loan) entered by the Bankruptcy Court on August 2, 2016, as may be amended from time to time.

1.44 "Operating Loan Lender" means PSA 9, LLC, the lender of the Operating Loan, and its participants, successors, and/or assigns.

1.45 "Other Priority Claim" means any Claim for an amount entitled to priority in right of payment under Sections 507(a)(3), (4), (5), (6), or (7) of the Bankruptcy Code.

1.46 "Petition Date" means June 13, 2016, the date on which the voluntary petition commencing this Bankruptcy Case was Filed.

1.47 "Plan" means this Plan of Reorganization, as amended, modified, restated, or supplemented from time to time.

1.48 "Preferred Units" means Series A Preferred Units.

1.49 "Prime Rate" means the prime interest rate published by the Wall Street Journal.

1.50 "Priority Tax Claim" means a Claim of a governmental unit of the kind entitled to priority under Section 507(a)(8) of the Bankruptcy Code or that would otherwise be entitled to priority but for the secured status of the Claim.

1.51 "Pro Rata" means the ratio of an Allowed Claim in a particular Class to the aggregate amount of all Allowed Claims, or Claims that could become Allowed Claims, in that Class.

1.52 "Rejection Claim" means a Claim entitled to be filed as a result of a debtor rejecting an executory contract in this Bankruptcy Case.

1.53 "Reorganized Debtor" means Debtor from and after the Effective Date.

1.54 "Restated Operating Agreement" means the restated Operating Agreement of Debtor, which shall modify and amend Debtor's Operating Agreement consistent with the terms of this Plan to prohibit the issuance of non-voting Equity Securities to the extent required by Section 1123(a)(6) of the Bankruptcy Code and shall govern Reorganized Debtor consistent with the terms of this Plan.

1.55 "Scheduled Amounts" means the Claim amounts as set forth in Debtor's Schedules.

1.56 "Schedules" means the Schedules of Assets and Liabilities and the Statement of Financial Affairs Filed by Debtor pursuant to Section 521 of the Bankruptcy Code, as amended, modified, restated, or supplemented from time to time.

1.57 "Secured Claim" means any Claim against Debtor held by any entity, including, without limitation, an affiliate or judgment creditor of Debtor, to the extent such Claim constitutes a secured Claim under Sections 506(a) or 1111(b) of the Bankruptcy Code. The unsecured portion, if any, of such Claim shall be treated as an Unsecured Claim.

1.58 "Series A Preferred Units" means Preferred LLC equity units in Reorganized Debtor issued under this Plan and as more fully described in the Amended and Restated Limited Liability Company Agreement of Peak Web LLC substantially in the form attached hereto as **Exhibit B**.

1.59 "Unsecured Claim" means a Claim that is not an Administrative Claim, a Secured Claim, a Priority Tax Claim, or an Other Priority Claim.

1.60 "Unsecured Creditor" means a holder of an Allowed Unsecured Claim.

1.61 "Unsecured Creditor Proceeds" means the Litigation Proceeds available for distribution to the Unsecured Creditors from the Litigation Trust.

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ARTICLE 2

UNCLASSIFIED CLAIMS

2.1 Administrative Expense Claims. Each holder of an Allowed Administrative Expense Claim shall be paid by Reorganized Debtor in full in Cash on the later of (a) the Effective Date; or (b) the date on which such Claim becomes Allowed, unless such holder shall agree to a different treatment of such Claim (including, without limitation, any different treatment that may be provided for in any documentation, statute, or regulation governing such Claim); provided, however, that Administrative Expense Claims representing obligations incurred in the ordinary course of business by Debtor during the Bankruptcy Case shall be paid by Debtor or Reorganized Debtor in the ordinary course of business and in accordance with any terms and conditions of the particular transaction, and any agreements relating thereto.

2.2 Priority Tax Claims. Each holder of an Allowed Priority Tax Claim shall be paid by Reorganized Debtor the full amount of its Allowed Priority Tax Claim as allowed by 11 U.S.C. § 1129(a)(9)(C) and (D) in equal amortizing monthly payments of principal and interest at the non-default rate determined under applicable non-bankruptcy law or, if there is no such defined rate, then at a rate equal to the Prime Rate plus 1% fixed as of the Confirmation Date, or such other rate as determined by the Bankruptcy Court, or the date the Claim is Allowed, commencing on the 12th day of the first full month following the Effective Date or the date the Claim is Allowed over a period ending June 12, 2021, unless such holder shall agree to a different treatment of such Claim (including, without limitation, any different treatment that may be provided for in any documentation, statute, or regulation governing such Claim).

2.3 Bankruptcy Fees. Fees payable by Debtor under 28 U.S.C. § 1930, or to the Clerk of the Bankruptcy Court, will be paid in full in Cash on the Effective Date. After confirmation, Reorganized Debtor shall continue to pay quarterly fees of the Office of

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the United States Trustee and to file quarterly reports with the Office of the United States Trustee until this Bankruptcy Case is closed by the Court, dismissed, or converted, except as otherwise ordered by the Court. This requirement is subject to any amendments to 28 U.S.C. § 1930(a)(6) that Congress makes retroactively applicable to confirmed Chapter 11 cases. The quarterly financial report shall include a statement of all disbursements made during the course of the quarter, whether or not pursuant to the Plan.

ARTICLE 3

CLASSIFICATION

For purposes of this Plan, Claims (except those treated under Article 2) are classified as provided below. A Claim is classified in a particular Class only to the extent such Claim qualifies within the description of such Class, and is classified in a different Class to the extent such Claim qualifies within the description of such different Class.

3.1 Class 1 (Bank of the West). Class 1 consists of the Allowed Secured Claim of Bank of the West ("BOW").

3.2 Class 2 (Huntington Technology Finance, Inc). Class 2 consists of the Allowed Secured Claim of Huntington Technology Finance, Inc. ("Huntington").

3.3 Class 3 (U.S. Bank Equipment Finance). Class 3 consists of the Allowed Secured Claim of U.S. Bank Equipment Finance, as assignee of VAR Resources Inc. ("US Bank").

3.4 Class 4 (Data Sales Co., Inc.). Class 4 consists of the Allowed Secured Claim of Data Sales Co., Inc. ("Data Sales").

3.5 Class 5 (Digital Loudoun Parkway Center, North, LLC and Collins Technology Park Partners, LLC). Class 5 consists of the Allowed Secured Claim of Digital Loudoun Parkway Center, North, LLC and Collins Technology Park Partners, LLC ("Digital/Collins").

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3.6 Class 6 (Richardson Independent School District of Texas). Class 6 consists of the Allowed Secured Claim of Richardson Independent School District of Texas ("Richardson School District").

3.7 Class 7 (Dallas County, Texas). Class 7 consists of the Allowed Secured Claim of Dallas County, Texas ("Dallas County").

3.8 Class 8 (General Unsecured Claims). Class 8 consists of all Allowed General Unsecured Claims, excluding Administrative Convenience Claims.

3.9 Class 9 (Administrative Convenience Claims). Class 9 consists of all Allowed Administrative Convenience Claims.

3.10 Class 10 (Equity Security Holders). Class 10 consists of all equity Interests held by Equity Security Holders of Debtor as of the Petition Date Security Holders of Debtor.

3.11 Class 11 (Other Secured Claims). Class 11 consists of Allowed Secured Claims not otherwise classified or provided for under the Plan .

ARTICLE 4

TREATMENT OF CLASSIFIED CLAIMS AND EQUITY SECURITY HOLDERS

Class 1 (Bank of the West). Class 1 is impaired. BOW will retain its interest in its Collateral with the same priority that it had as of the Petition Date except that BOW's lien in the Litigation Trust shall be subordinate to the Litigation Loan pursuant to the Final Order Authorizing Debtor to Obtain First Priority Secured Credit (Litigation Loan) [ECF No. 220]. BOW will retain its lien on all assets transferred into the Litigation Trust including, but not limited to, Peak's account receivable due from Machine Zone, Peak's contract causes of action against Machine Zone and other parties, and Peak's intellectual property assets. BOW will be repaid the full amount of its Allowed Secured Claim from the Litigation Proceeds as, and to the extent, such funds become available. In addition, BOW will have a Secured Claim against Reorganized Debtor's assets equal to the greater of

(a) $803,449 that consists of $781,149 (representing Debtor's accounts receivable as of the Petition Date minus offsets), plus $22,300 (representing the fair market value of equipment collateral being retained by Reorganized Debtor comprised of Thunderbolt (S/N C02KL6Z1F2GC), Thunderbolt Display (S/N C02KL6YUF2GC), Macbook Air 13 (S/N C1MP3CZ5G085), Thunderbolt (S/N C02MR8JVF2GC), Macbook Pro 15 (S/N C02Q421XG8WL), Thunderbolt (S/N C02MH4VZF2GC), Macbook Pro 15 (S/N C02PV9DMG8WN), Asus (S/N ECLMTF164922), Asus (S/N ECLMTF164929), MacBook Pro 15 (S/N C02PX1V0G8WL), Thunderbolt Display (S/N C02GP8MBDJGR), MacBook Pro (S/N C02PW5CXG8WN), Asus Display (S/N F7LMTF165239), Asus Display (S/N FLMTF165265), MacBook Pro 15 (S/N C02Q32GHG8WL), Asus Display (S/N F7LMTF164718), Macbook Pro (S/N C02PX97ZG8WN), Thunderbolt Display (S/N C02ML8CQF2GC), Thunderbolt Display (S/N C02ML4PTF2GC), Macbook Pro (S/N C02PNYG0G8WN), Thunderbolt Display (S/N C02MH4WAF2GC), MacBook Pro (S/N C02PJ2CKG3QN), Asus Display (S/N ECLMTF111848), ASUS Display (S/N ECLMTF164638), MacBook Pro (S/N C02Q3DW0G8WN), Thunderbolt Display (S/N C02L83A4F2GC), Thunderbolt Display (S/N C02M70PNF2GC), Macbook Pro (S/N C02PJ2DCG3QN), Lenovo (S/N PFOABTOE), Asus Display (S/N F7LMTF165272), Thunderbolt Display (S/N C02NX4YMF2GC), Macbook Pro (S/N C02PJ22YG3QN), Lenovo (S/N pf08mvlrPF9XB5528090), Asus (S/N F7LMTF165274), Thunderbolt Display (S/N C02NL3T8F2GC), Asus Display (S/N F4LMTF158717), MacBook (S/N C02Q2006G8WP), Macbook Pro (S/N C02H70CQDW48), Thunderbolt Display (S/N C02N80UCF2GC), MacBook (S/N C02PL1TWG3QN), Thunderbolt Display (S/N C02NK4A9F2GC), Thunderbolt Display (S/N C02PP421F2GC), Asus Display (S/N F4LMTF158727), Asus Display (S/N F4LMTF159323), Macbook Pro (S/N C02PL1PEG3QN), Macbook Pro (S/N C02Q50T9G8WL), Thunderbolt (S/N C02NR1BXF2GC), Thunderbolt (S/N C02MH5CYF2GC), Thunderbolt (S/N

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C02LN4KKF2GC), Asus (S/N F5LMTF148675), Asus (S/N ECLMTF164761), Asus (S/N F1LMTF076810), Asus (S/N F7LMTF165261), and Asus (S/N ECLMTF164759)) or (b) the value of BOW's collateral being retained by Reorganized Debtor as of the Effective Date as determined in accordance with 11 U.S.C. § 506(a). All BOW's remaining equipment collateral will be surrendered to BOW. The proceeds, after liquidation of BOW's equipment collateral, shall reduce BOW's total Allowed Claim but not the secured amount to be paid by Reorganized Debtor. Reorganized Debtor will pay the greater of $803,449 or, in the event of a dispute regarding the value, the value of the collateral being retained by Reorganized Debtor as determined in accordance with 11 U.S.C § 506(a), in monthly payments of interest only commencing on the 15th day of the first full month following the Effective Date and continuing on the 15th day of each month thereafter for the first 12 months and thereafter in equal amortizing payments of principal and interest at a fixed rate of 4.5% per annum, or, in the event of a dispute over the applicable interest rate, at such other rate fixed by the Bankruptcy Court at confirmation, for an additional 36 months. In the event the Litigation Proceeds distributed to BOW and payments from Reorganized Debtor are insufficient to pay BOW's claim in full, BOW will have an unsecured Deficiency Claim for the unpaid balance.

Alternatively, to the extent BOW's Allowed Claim equals or exceeds $10,000, BOW may convert some or all of its Allowed Claim into Common Units of Reorganized Debtor. The conversion rate shall be 1 Common Unit issued for each $1,000 of Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor. The election to convert all or a portion of an Allowed Claim to Common Units in Reorganized Debtor must be made by the Creditor at the same time it delivers its ballot accepting or rejecting Debtor's Plan.

Class 2 (Huntington Technology Finance, Inc.). Class 2 is impaired. Reorganized Debtor will retain $4,500 worth of Huntington equipment as follows: Macbook Pro: C02NR0NZG3QN, MacBook: C02NV046G9JN, Thunderbolt: SC02NJ4RYF2GC,

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and Macbook Pro: SC02PC0FXG3QN or such other or further equipment as may be agreed upon by Huntington and Debtor. All remaining Huntington collateral has been or will be surrendered to Huntington. Huntington will have a first priority lien position on the equipment retained as its collateral. Huntington will have an Allowed Secured Claim against Reorganized Debtor in the amount of $4,500 or in the event of a dispute over the value of the equipment retained by Reorganized Debtor, then the value as determined in accordance with 11 U.S.C. § 506(a). Reorganized Debtor will pay that amount in monthly payments of interest only commencing on the 15th day of the first full month following the Effective Date and continuing on the 15th day of each month thereafter for the first 12 months, and thereafter in equal amortizing monthly payments of principal and interest at 4.5% per annum or, in the event of a dispute over the applicable interest rate, at such other rate fixed by the Bankruptcy Court at confirmation, for an additional 24 months.

Alternatively, to the extent Huntington's Allowed Claim equals or exceeds $10,000, Huntington may convert some or all of its Allowed Claim into Common Units of Reorganized Debtor. The conversion rate shall be 1 Common Unit issued for each $1,000 of Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor. The election to convert all or a portion of an Allowed Claim to Common Units in Reorganized Debtor must be made by the Creditor at the same time it delivers its ballot accepting or rejecting Debtor's Plan.

Class 3 (U.S. Bank Equipment Finance). Class 3 is impaired. Reorganized Debtor will retain $3,000 worth of US Bank equipment as follows: Macbook Pro: C02NR0PEG3QN, Macbook Pro: SC02NT2N2G3QN, Macbook Pro: SC02NT26EG3QN, Thunderbolt: SC02NL1NMF2GC, and Thunderbolt: SC02NL1SFF2GC or such other or further equipment as may be agreed upon by US Bank and Debtor. All remaining US Bank collateral has been or will be surrendered to US Bank. US Bank will retain its first priority lien position on the equipment retained as its collateral. US Bank will have an Allowed

Secured Claim against Reorganized Debtor in the amount of $3,000 or in the event of a dispute over the value of the equipment retained by Reorganized Debtor, the value as determined in accordance with 11 U.S.C. § 506(a). Reorganized Debtor will pay that amount in monthly payments of interest only commencing on the 15th day of the first full month following the Effective Date and continuing on the 15th day of each month thereafter for the first 12 months, and thereafter in equal amortizing monthly payments of principal and interest at 4.5% per annum or, in the event of a dispute over the applicable interest rate, at such other rate fixed by the Bankruptcy Court at confirmation, for an additional 24 months.

Alternatively, to the extent US Bank's Allowed Claim equals or exceeds $10,000, US Bank may convert some or all of its Allowed Claim into Common Units of Reorganized Debtor. The conversion rate shall be 1 Common Unit issued for each $1,000 of Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor. The election to convert all or a portion of an Allowed Claim to Common Units in Reorganized Debtor must be made by the Creditor at the same time it delivers its ballot accepting or rejecting Debtor's Plan.

Class 4 (Data Sales Co., Inc.). Class 4 is impaired. Reorganized Debtor will retain $10,000 worth of Data Sales equipment as follows: Macbook Air 13: C02MN0L4FH00, Thunderbolt: C02MC0FWF2GC, Thunderbolt Display: C02MC0G6F2GC, Thunderbolt Display: C02MT02QF2GC, Thunderbolt Display: C02LC43SF2GC, MacBook: C02M516QFD58, Thunderbolt Display: C02MT01RF2GC, Macbook Pro 13: C02MM3G7FH00, Macbook Pro 13: C02N11UWFH00 or such other and further equipment as may be agreed upon by Data Sales and Debtor. All remaining Data Sales equipment has been or will be surrendered to Data Sales. Data Sales will have a first priority lien upon the equipment retained as its collateral. Data Sales will have an Allowed Secured Claim against Reorganized Debtor in the amount of $10,000 or in the event of a dispute over the value of the equipment retained by Reorganized Debtor, the value as determined in accordance with 11 U.S.C. § 506(a). Reorganized Debtor will pay that amount in monthly payments of interest only commencing on the 15th day of the first full month following the Effective Date and continuing on the 15th day of each month thereafter for the first 12 months, and thereafter in equal amortizing monthly payments of principal and interest at 4.5% per annum or, in the event of a dispute over the applicable interest rate, at such other rate fixed by the Bankruptcy Court at confirmation, for an additional 24 months.

Alternatively, to the extent Data Sales' Allowed Claim equals or exceeds $10,000, Data Sales may convert some or all of its Allowed Claim into Common Units of Reorganized Debtor. The conversion rate shall be 1 Common Unit issued for each $1,000 of Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor and $1,000. The election to convert all or a portion of an Allowed Claim to Common Units in Reorganized Debtor must be made by the Creditor at the same time it delivers its ballot accepting or rejecting Debtor's Plan.

Class 5 (Digital Loudoun Parkway Center, North, LLC and Collins Technology Park Partners, LLC). Class 5 is impaired. Digital/Collins assert a secured claim pursuant to an Agreement Terminating Leases with Debtor. Debtor filed adversary proceeding number 16-03145-pcm against Digital/Collins to avoid the Agreement Terminating Leases and Debtor disputes that Digital/Collins have a valid secured claim. To the extent Digital/Collins prevail in the adversary proceeding, they will receive payments from the Litigation Trust pursuant to the terms of the Agreement Terminating Leases which (a) grants Digital/Collins a security interest in and lien on Debtor's claims against Machine Zone in the Machine Zone Litigation; and (b) grants Digital/Collins a priority distribution scheme from the Machine Zone Litigation. The Digital/Collins lien, if any, in the Litigation Trust will be subordinate to the liens of the Litigation Loan and BOW. To the extent Debtor prevails in the adversary proceeding, and if Digital/Collins has an Allowed Claim, it will be treated as a Class 8 Unsecured Creditor.

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Alternatively, to the extent Digital/Collins' Allowed Claim equals or exceeds $10,000, Digital/Collins may convert some or all of its Allowed Claim into Common Units of Reorganized Debtor. The conversion rate shall be 1 Common Unit issued for each $1,000 of Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor. The election to convert all or a portion of an Allowed Claim to Common Units in Reorganized Debtor must be made by the Creditor at the same time it delivers its ballot accepting or rejecting Debtor's Plan.

Class 6 (Richardson Independent School District of Texas). Class 6 is impaired. Richardson School District shall be paid its Allowed Secured Claim in equal amortizing monthly payments of principal and interest at the annual rate of 12% or, if the applicable interest rate is in dispute, at such other rate as determined by the Bankruptcy Court, commencing on the 12th day of the first full month following the Effective Date, or the date the Claim is Allowed, over a period ending June 12, 2021.

Alternatively, to the extent Richardson School District's Allowed Claim equals or exceeds $10,000, Richardson School District may convert some or all of its Allowed Claim into Common Units of Reorganized Debtor. The conversion rate shall be 1 Common Unit issued for each $1,000 of Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor. The election to convert all or a portion of an Allowed Claim to Common Units in Reorganized Debtor must be made by the Creditor at the same time it delivers its ballot accepting or rejecting Debtor's Plan.

Class 7 (Dallas County, Texas). Class 7 is impaired. Dallas County shall be paid its Allowed Secured Claim in equal amortizing monthly payments of principal and interest at the annual rate of 12% or, if the applicable interest rate is in dispute, at such other rate as determined by the Bankruptcy Court, commencing on the 12th day of the first full

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month following the Effective Date, or the date the Claim is Allowed, over a period ending June 12, 2021.

Alternatively, to the extent Dallas County's Allowed Claim equals or exceeds $10,000, Dallas County may convert some or all of its Allowed Claim into Common Units of Reorganized Debtor. The conversion rate shall be 1 Common Unit issued for each $1,000 of Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor. The election to convert all or a portion of an Allowed Claim to Common Units in Reorganized Debtor must be made by the Creditor at the same time it delivers its ballot accepting or rejecting Debtor's Plan.

Class 8 (General Unsecured Claims). Class 8 is impaired. General Unsecured Claims will be paid (a) their Pro Rata share of the Unsecured Creditor Proceeds from the Litigation Trust, plus (b) their Pro Rata share of 50% of the Adjusted Net Income of Reorganized Debtor calculated over a semi-annual calendar period, with payments to be made on the 45th day following the end of each full semi-annual calendar period after the Effective Date and continuing on each February 15th and August 15th thereafter until 50% of Adjusted Net Income for eight full semi-annual calendar periods has been paid, up to the full amount of their Allowed Claims. The Class 8 Claims will accrue interest at the federal judgment rate or, in the event of a dispute over the applicable interest rate, as determined by the Bankruptcy Court.

Alternatively, to the extent a General Unsecured Creditor's Allowed Claim equals or exceeds $10,000, that General Unsecured Creditor may convert some or all of its Allowed Claim into Common Units of Reorganized Debtor. The conversion rate shall be 1 Common Unit issued for each $1,000 of Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor. The election to convert all or a portion of an Allowed Claim to Common Units in Reorganized Debtor must be made by the Creditor at the same time it delivers its ballot accepting or rejecting Debtor's Plan.

Class 9 (Administrative Convenience Claims). Class 9 is impaired. Each holder of a Class 9 Claim shall be paid a fixed sum of (a) 25% of its Allowed Claim within 9 months of the Effective Date, plus (b) its Pro Rata share, if any, of the Unsecured Creditor Proceeds from the Litigation Trust up to the full amount of its Allowed Claim with interest at the federal judgment rate or, in the event of a dispute over the applicable interest rate, as determined by the Bankruptcy Court.

Class 10 (Equity Security Holders). Class 10 is impaired. No existing equity Interests shall receive or retain anything in Reorganized Debtor on account of their Interests. New equity will be issued in Reorganized Debtor as set forth in Article 6 below. Interest holders are entitled to receive payment under the Litigation Trust only after all other Allowed Claims are paid in full, with interest.

Class 11 (Other Secured Claims). Class 11 is unimpaired. Debtor will surrender the equipment or other tangible collateral securing the Allowed Secured Claim of each Class 11 Creditor to that Creditor in full satisfaction of each Class 11 Creditor's Allowed Secured Claim. To the extent that a Class 11 Creditor has an Allowed Deficiency Claim, any such Claim will be treated as a Class 8 or Class 9 Claim. Any and all setoff rights of Class 11 Creditors are preserved subject to Section 553 of the Bankruptcy Code and, if applicable, in accordance with Section 2.4.2 of the Litigation Trust Agreement.

ARTICLE 5

DISPUTED CLAIMS, OBJECTIONS TO CLAIMS, SETTLEMENT

5.1 Disputed Claims; Objections to Claims; Settlement. Only Claims that are Allowed shall be entitled to distributions under the Plan. Debtor and Reorganized Debtor reserve the right to contest and object to any Claims and previously Scheduled Amounts, including, without limitation, those Claims and Scheduled Amounts that are specifically

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referenced herein; are not listed in the Schedules; are listed therein as disputed, contingent, and/or unliquidated in amount; or are listed therein at a different amount than Debtor or Reorganized Debtor currently believe is validly due and owing. Unless otherwise ordered by the Bankruptcy Court, all objections to Claims and Scheduled Amounts (other than Administrative Expense Claims of professionals) shall be Filed and served upon counsel for Debtor and the holder of the Claim objected to on or before the later of (a) 60 days after the Effective Date or (b) 60 days after the date (if any) on which a Proof of Claim is Filed in respect of a Rejection Claim or Deficiency Claim. The last day for filing objections to Administrative Expense Claims shall be set pursuant to a further order of the Bankruptcy Court. All Disputed Claims shall be resolved by the Bankruptcy Court, except to the extent that (a) Debtor may otherwise elect consistent with the Plan and the Bankruptcy Code, or (b) the Bankruptcy Court may otherwise order.

5.2 Subsequent Allowance of Disputed Claims. The holder of a Disputed Claim that becomes Allowed in full or in part subsequent to the Effective Date shall receive the distribution they would have received after the Effective Date had the Claim been Allowed at that time. Until a Disputed Claim is Allowed or disallowed, Reorganized Debtor shall hold any distribution that would have been due to the holder in respect of such Disputed Claim.

5.3 De Minimis Post-Effective Date Payments. If a Cash payment to be made to a holder of an Allowed Claim after the Effective Date would be $20 or less in the aggregate, no such payment will be made to the holder of such Claim unless and until the aggregate distribution on account of such Claim would be at least $20 at a subsequent distribution date.

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ARTICLE 6

MEANS FOR EXECUTION OF PLAN

6.1 Litigation Trust. A Litigation Trust shall be established by the Litigation Trust Agreement attached hereto as **Exhibit A** or in a form substantially similar thereto as approved by the Bankruptcy Court in the Confirmation Order. Debtor shall transfer the Litigation Trust Assets to the Litigation Trust. The transfer shall be made pursuant to 11 U.S.C. §§ 1123(a)(5)(B) and 1123(b)(3)(B) of the Bankruptcy Code.

Mr. Mark Calvert shall be appointed as the initial Litigation Trustee of the Litigation Trust. The Litigation Trust Committee for the Litigation Trust shall consist of three members: Mr. Jeffery Papen, one person designated by the Litigation Loan Lender, and one person designated by the Unsecured Creditors Committee. The Litigation Trustee shall be responsible for operation and management of the Litigation Trust in consultation with, and at the direction of, the Litigation Trust Committee. The Litigation Trust is established for the sole purpose of liquidating the claims and assets assigned to it and distributing the proceeds received from the liquidation of those assets. The Litigation Trust is established for the benefit of holders of all Allowed Claims and Interests who constitute the Litigation Trust Beneficiaries. The Litigation Trust is intended to be treated as a grantor trust for federal income tax purposes and intended to qualify as a liquidating trust within the meaning of Treasury Regulation § 301.7701-4.d. The Litigation Proceeds shall be used to pay the expenses of the Litigation Trust, including, but not limited to, the costs and expenses of the Litigation Trust, and then to pay Allowed Claims, with payment first going to Allowed Secured Claims in order of priority, then any unpaid Administrative Expense Claims, then Priority Tax Claims, then Allowed Unsecured Claims, including Allowed Administrative Convenience Claims, until all Allowed Claims have been paid in full, with interest, and then any remaining proceeds shall be distributed to the holders of the Interests in Debtor.

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6.2 Reorganized Debtor. Reorganized Debtor shall be comprised of the post-confirmation operating company which will consist of all remaining assets of Debtor not transferred to the Litigation Trust. Reorganized Debtor shall continue to operate and make payments to Creditors as described in this Plan.

6.3 New Equity in Reorganized Debtor. On the Effective Date, all existing equity Interests will be deemed canceled in Reorganized Debtor. Reorganized Debtor will issue new equity in the form of Series A Preferred Units and new Common Units. The Operating Loan Lender will be issued 500,000 Series A Preferred Units of Reorganized Debtor in full satisfaction of the Operating Loan. Reorganized Debtor's President, Mr. Jon Billow, will be issued 500 Common Units in Reorganized Debtor. Other Creditors with Allowed Claims have the option to convert their debt into Common Units of Reorganized Debtor. The conversion rate shall be 1 Common Unit issued in Reorganized Debtor for each $1,000 of Allowed Claim, subject to a minimum conversion requirement of $10,000 for 10 Common Units of Reorganized Debtor. Creditors may elect to convert all or a portion of their Allowed Claim subject to the minimum conversion requirement of $10,000 for 10 units. THE ELECTION TO CONVERT ALL OR A PORTION OF AN ALLOWED CLAIM TO COMMON UNITS IN REORGANIZED DEBTOR MUST BE MADE BY THE CREDITOR AT THE TIME IT DELIVERS ITS BALLOT ACCEPTING OR REJECTING DEBTOR'S PLAN. If a Creditor elects to convert its Allowed Claim from debt to equity in Reorganized Debtor, then the Creditor will no longer be entitled to any distributions from the Litigation Trust and will not receive debt payments from Reorganized Debtor on account of the Claim amount converted to equity.

6.4 Restated Operating Agreement. Upon the Effective Date, Reorganized Debtor shall adopt the Amended and Restated Limited Liability Company Agreement of Peak Web LLC (the "LLC Agreement") substantially in the form attached hereto as **Exhibit B**. The rights, preferences, and privileges of Series A Preferred Unit and Common

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Unit holders are set out in the LLC Agreement. After the Effective Date, Reorganized Debtor may further amend the LLC Agreement in accordance with its terms and applicable state law, provided it is consistent with the Plan as set forth in the Confirmation Order.

6.5 Setoffs. Debtor may, but shall not be required to, set off against any Claim and the distributions to be made pursuant to the Plan in respect of such Claim, any claims of any nature whatsoever that Debtor may have against the holder of such Claim, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release of any such claim Debtor may have against such holder.

6.6 Corporate Action. Upon entry of the Confirmation Order, all actions contemplated by the Plan shall be authorized and approved by Peak in all respects (subject to the provisions of the Plan), including, without limitation, the execution, delivery, and performance of all documents and agreements relating to the Plan, including the Litigation Trust Agreement. Upon entry of the Confirmation Order, the appropriate officers of Debtor are authorized and directed to execute and deliver the agreements, documents, and instruments contemplated by the Plan, including the Litigation Trust Agreement, in the name of and on behalf of Debtor.

6.7 Event of Default; Remedy. Any material failure by Reorganized Debtor to perform any term of this Plan, which failure continues for a period of 30 days following receipt by Reorganized Debtor of written notice of such default from the holder of an Allowed Claim to whom performance is due, shall constitute an event of Default. Upon the occurrence of an Event of Default, the holder of an Allowed Claim to whom performance is due shall have all rights and remedies granted by law, this Plan, or any agreement between the holder of such Claim and Debtor or Reorganized Debtor. An Event of Default with respect to one Claim shall not be an Event of Default with respect to any other Claim.

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6.8 Conditions Precedent to Effectiveness of Plan. Unless waived by Debtor, the following conditions must occur and be satisfied for the Plan to become effective, and are conditions precedent to the Effective Date:

6.8.1 The Bankruptcy Court shall have entered the Confirmation Order, in form and substance reasonably satisfactory to Debtor, which shall, among other things, provide that any and all executory contracts and unexpired leases assumed pursuant to the Plan shall remain in full force and effect for the benefit of Reorganized Debtor notwithstanding any provision in any such contract or lease, or in applicable law (including those described in Sections 365(b)(2) and (f) of the Bankruptcy Code) that prohibits, restricts, or conditions such transfer, or that enables or requires termination or modification of such contract or lease; and

6.8.2 All documents, instruments, and agreements, including, but not limited, to the Litigation Trust Agreement, each in form and substance satisfactory to Debtor, provided for or necessary to implement this Plan, shall have been executed and delivered by the parties thereto, unless such execution or delivery has been waived by the party to be benefitted thereby.

ARTICLE 7

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

7.1 Assumption and Rejection. Except as may otherwise be provided, all executory contracts of Debtor that are not assumed herein or otherwise subject to a prior Bankruptcy Court order or pending motion before the Bankruptcy Court, are rejected by Debtor. Reorganized Debtor shall promptly pay all amounts required under Section 365 of the Bankruptcy Code to cure any defaults for executory contracts and unexpired leases being assumed and shall perform its obligations from and after the Effective Date in the ordinary course of business. Notwithstanding the above, all of Debtor's managed hosting and consulting contracts in existence on the Effective Date shall be assumed.

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7.2 Assignment. Except as may be otherwise provided in this Plan, the Confirmation Order, or other Order of the Bankruptcy Court, all executory contracts that Debtor assumed shall be deemed assigned to Reorganized Debtor as of the Effective Date. The Confirmation Order shall constitute an order authorizing such assignment of assumed executory contracts, and no further assignment documentation shall be necessary to effectuate such assignment.

7.3 Rejection Claims. Except as previously ordered by the Bankruptcy Court, any other Rejection Claims must be Filed no later than 30 days after entry of the order rejecting the executory contract or unexpired lease, or 30 days after entry of the Confirmation Order, whichever is sooner. Any such Rejection Claim not Filed within such time shall be forever barred from asserting such Claim against Debtor, Reorganized Debtor, their property, estate, and any guarantors of such obligations. Each Rejection Claim resulting from such rejection shall constitute a General Unsecured Claim or Administrative Convenience Claim.

ARTICLE 8

EFFECT OF CONFIRMATION

8.1 Debtor's Injunction. The effect of confirmation shall be as set forth in Section 1141 of the Bankruptcy Code. Except as otherwise provided in the Plan, prior order of the Bankruptcy Court, or in the Confirmation Order, confirmation of the Plan shall act as a permanent injunction applicable to entities against (a) the commencement or continuation, including the issuance or employment of process, of a judicial, administrative, or other action or proceeding of any kind against Debtor or Reorganized Debtor that was or could have been commenced before the entry of the Confirmation Order; (b) the enforcement, attachment, collection, or recovery against Reorganized Debtor, the Litigation Trust, or their respective assets of any judgment, award, decree, or order obtained before the Petition Date; and (c) any act to obtain possession of or to exercise control over, or to create, perfect, or enforce a lien upon, all or any part of the assets of Reorganized Debtor or the Litigation Trust; (d) asserting

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any setoff, right of subrogation or recoupment of any kind against any obligation due to Debtor, Reorganized Debtor, or its property; and (e) proceeding in any manner in any place whatsoever that does not conform to, does not comply with, or is inconsistent with the provisions of the Plan or the Confirmation Order. Neither the injunction nor any provision of the Plan prohibits or otherwise affects Machine Zone's right to prosecute or defend against the consolidated Machine Zone Litigation or to set off any Allowed Claim of Machine Zone against any claim of the Debtor, Reorganized Debtor, or the Litigation Trust.

ARTICLE 9

RETENTION OF JURISDICTION

9.1 Notwithstanding entry of the Confirmation Order or the Effective Date having occurred, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of or relating to this Chapter 11 Case pursuant to and for the purposes set forth in Section 1127(b) of the Bankruptcy Code to:

9.1.1 classify the Claim or Interest of any Creditor or Interests, reexamine Claims or Interests that have been owed for voting purposes, and determine any objections that may be Filed to Claims or Interests;

9.1.2 determine requests for payment of Claims entitled to priority under Section 507(a) of the Bankruptcy Code, including compensation and reimbursement of expenses in favor of professionals employed at the expense of the bankruptcy estate;

9.1.3 avoid transfers or obligations to subordinate Claims under Chapter 5 of the Bankruptcy Code;

9.1.4 approve the assumption, assignment, or rejection of an executory contract or an unexpired lease pursuant to this Plan;

9.1.5 resolve controversies and disputes arising in connection with the interpretation, implementation, or enforcement of this Plan;

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9.1.6 implement the provisions of this Plan and enter orders in aid of confirmation and/or the discharge, or the effect of such discharge, provided to Debtor;

9.1.7 determine the validity, priority, or extent of any Claims or Claims of lien;

9.1.8 adjudicate adversary proceedings, applications, contested matters, or other litigation matters pending on the Effective Date or hereafter commenced in this Bankruptcy Case;

9.1.9 order and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated;

9.1.10 hear and determine any applications to modify the Plan, to cure any defect or omission, or to reconcile any inconsistency in the Plan or related documents, or in any order of the Bankruptcy Court, including the Confirmation Order;

9.1.11 ensure that distributions to holders of Allowed Claims are accomplished as provided herein;

9.1.12 hear and determine any issue arising out of or related to the Litigation Trust, and any issues presented as arising under the Litigation Trust Agreement;

9.1.13 hear and determine objections to or requests for estimations of Claims, including any objections to the classification of any Claim, and to allow, disallow, and/or estimate any Claim in whole or in part;

9.1.14 hear and determine any other matters related hereto and not inconsistent with Chapter 11 of the Bankruptcy Code; and

9.1.15 enter a final decree closing this Bankruptcy Case.

ARTICLE 10

ADMINISTRATIVE PROVISIONS

10.1 Modification of the Plan. Debtor may alter, amend, or modify the Plan pursuant to Section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 at any time prior to the time the Bankruptcy Court has signed the Confirmation Order. After such time, and prior to substantial consummation of the Plan, Reorganized Debtor may, so long as the treatment of holders of Claims and Equity Security under the Plan is not adversely affected, institute proceedings in Bankruptcy Court to remedy any defect or omission, or to reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, and any other matters as may be necessary to carry out the purposes and effects of the Plan; provided, however, that prior notice of such proceedings shall be served in accordance with Bankruptcy Rule 2002.

10.2 Revocation or Withdrawal of Plan

10.2.1 Right to Revoke. Debtor reserves the right to revoke or withdraw the Plan at any time prior to the Effective Date.

10.2.2 Effect of Withdrawal or Revocation. If Debtor revokes or withdraws the Plan prior to the Effective Date, then the Plan shall be deemed null and void. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any claims by or against Debtor or any other Entity, or to prejudice in any manner the rights of Debtor or any Entity in any further proceeding involving Debtor.

10.3 Nonconsensual Confirmation. Debtor shall request that the Bankruptcy Court confirm the Plan pursuant to Section 1129(b) of the Bankruptcy Code if the requirements of all provisions of Section 1129(a) of the Bankruptcy Code, except Subsection 1129(a)(8), are met.

ARTICLE 11

MISCELLANEOUS PROVISIONS

11.1 Revesting. Except for the Trust Assets transferred to the Litigation Trust and as otherwise expressly provided herein, on the Effective Date all remaining property and assets of the estate of Debtor shall revest in Reorganized Debtor free and clear of all claims, liens, encumbrances, charges, and other interests of Creditors arising on or

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before the Effective Date, and Reorganized Debtor may operate, from and after the Effective Date, free of any restrictions imposed by the Bankruptcy Code or the Bankruptcy Court.

11.2 Cancellation of Documents Evidencing Unsecured Claims. As of the Effective Date (subject to resolution of any objection to the Claim if a Disputed Claim), any note, agreement, instrument, judgment, or other document evidencing an Unsecured Claim in any Class shall be deemed cancelled, null, and void, except for the right, if any, to receive distributions under this Plan; provided, however, that nothing herein shall affect the liability of any Entity other than Debtor on, or the property of any Entity other than Debtor for, such Claim.

11.3 Rights of Action. Except as otherwise expressly provided herein, any claims, rights, interests, causes of action, defenses, counterclaims, crossclaims, third-party claims, or rights of offset, recoupment, subrogation, or subordination, including, without limitation, claims under Section 550(a) of the Bankruptcy Code or any of the sections referenced therein (including, without limitation, any and all Avoidance Actions) accruing to Debtor, shall remain assets of Reorganized Debtor. Reorganized Debtor may pursue such rights of action, as appropriate, in accordance with its best interests and for its benefit.

11.4 Governing Law. Except to the extent the Bankruptcy Code, the Bankruptcy Rules, or other federal laws are applicable, the laws of the State of Oregon shall govern the construction and implementation of the Plan, and all rights and obligations arising under the Plan.

11.5 Withholding and Reporting Requirements. In connection with the Plan and all instruments issued in connection therewith and distributions thereon, Debtor and Reorganized Debtor shall comply with all withholding, reporting, certification, and information requirements imposed by any federal, state, local, or foreign taxing authorities, and all distributions hereunder shall, to the extent applicable, be subject to any such withholding, reporting, certification, and information requirements. As soon as practicable

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after the Effective Date, the Trustee of the Litigation Trust will determine and report the value of the Litigation Trust Assets and the portion of such value allocable to each beneficiary of the Litigation Trust. All parties to and beneficiaries of the Litigation Trust must consistently use such valuation for all U.S. federal income tax purposes. Entities entitled to receive distributions hereunder shall, as a condition to receiving such distributions, provide such information and take such steps as Reorganized Debtor may reasonably require to ensure compliance with such withholding and reporting requirements, and to enable Reorganized Debtor to obtain the certifications and information as may be necessary or appropriate to satisfy the provisions of any tax law.

Reorganized Debtor shall provide the Unsecured Creditors Committee's designee on the Litigation Trust Committee and any other Creditors with Allowed Claims or Claims with pending objections who so request, a semi-annual financial report sufficiently detailed to report Reorganized Debtor's operating results and identify the calculation of the amounts distributed to Creditors.

11.6 Time. Unless otherwise specified herein, in computing any period of time prescribed or allowed by the Plan, the day of the act or event from which the designated period begins to run shall not be included. The last day of the period so computed shall be included, unless it is not a Business Day, in which event the period runs until the end of the next succeeding day that is a Business Day.

11.7 Section 1146(c) Exemption. Pursuant to Section 1146(c) of the Bankruptcy Code, the issuance, transfer, or exchange of any security under the Plan; or the execution, delivery, or recording of an instrument of transfer pursuant to, in implementation of, or as contemplated by the Plan; or the revesting, transfer, or sale of any real property of Debtor or Reorganized Debtor pursuant to, in implementation of, or as contemplated by the Plan; shall not be taxed under any state or local law imposing a stamp tax, transfer tax, or similar tax or fee. Consistent with the foregoing, each recorder of deeds or similar official for any city, county, or governmental unit in which any instrument hereunder is to be recorded shall, pursuant to the Confirmation Order, be ordered and directed to accept such instrument without requiring the payment of any documentary stamp tax, deed stamps, transfer tax, intangible tax, or similar tax.

11.8 Severability. In the event any provision of the Plan is determined to be unenforceable, such determination shall not limit or affect the enforceability and operative effect of any other provisions of the Plan. To the extent any provision of the Plan would, by its inclusion in the Plan, prevent or preclude the Bankruptcy Court from entering the Confirmation Order, the Bankruptcy Court, on the request of Debtor, may modify or amend such provision, in whole or in part, as necessary to cure any defect or remove any impediment to confirmation of the Plan existing by reason of such provision.

11.9 Binding Effect. The provisions of the Plan shall bind Debtor, Reorganized Debtor, and all Creditors and Equity Security Holders, and their respective successors, heirs, and assigns.

11.10 Retiree Benefits. On or after the Effective Date, to the extent required by Section 1129(a)(13) of the Bankruptcy Code, Reorganized Debtor shall continue to pay all retiree benefits (if any) as that term is defined in Section 1114 of the Bankruptcy Code, maintained or established by Debtor prior to the Effective Date, without prejudice to Reorganized Debtor's rights under applicable non-bankruptcy law to modify, amend, or terminate the foregoing arrangements.

11.11 Recordable Order. The Confirmation Order shall be deemed to be in recordable form, and shall be accepted by any recording officer for filing and recording purposes without further or additional orders, certifications, or other supporting documents.

11.12 Plan Controls. In the event and to the extent that any provision of the Plan is inconsistent with the provisions of the Disclosure Statement, or any other instrument or agreement contemplated to be executed pursuant to the Plan, the provisions of the Plan shall control and take precedence.

11.13 Effectuating Documents and Further Transactions. Debtor and Reorganized Debtor shall execute, deliver, file, or record such contracts, instruments, assignments, and other agreements or documents, and take or direct such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan.

11.14 Timing of Actions. Notwithstanding anything to the contrary herein, any action required by the Plan to be taken on the Effective Date shall be made or taken on the Effective Date or as soon as practical thereafter, but in any event within 20 days of the Effective Date.

DATED this 10th day of February, 2017.

PEAK WEB LLC

By ___________________________________
Jeffrey Papen, CEO

Presented by:

TONKON TORP LLP

By ______________________________
Timothy J. Conway, OSB No. 851752
Ava L. Schoen, OSB No. 044072
Attorneys for Peak Web LLC

TONKON TORP LLP
888 SW Fifth Avenue, Suite 1600
Portland, Oregon 97204
503-221-1440

PEAK WEB LITIGATION TRUST AGREEMENT

This Litigation Trust Agreement (the "Agreement") dated as of _____________, 2017 is established by Peak Web LLC ("Grantor," "Peak," or "Debtor") and Mark Calvert, solely in his capacity as the Peak Web Litigation Trustee (and any successors) ("Litigation Trustee") and is executed in connection with and pursuant to the terms of Debtor's Plan of Reorganization (October 11, 2016), as amended or modified (the "Plan"), filed in the United States Bankruptcy Court for the District of Oregon as Case No. 16-32311-pcm11 (the "Chapter 11 Case").

This Agreement is executed in order to establish a litigation trust (the "Litigation Trust") in connection with Peak's Plan of Reorganization confirmed by the Bankruptcy Court.

On June 13, 2016, Debtor filed its voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code ("Petition Date").

On _______________, 2017, the Bankruptcy Court entered an order confirming Debtor's Plan (the "Confirmation Order").

The Plan provides, among other things, that on the Effective Date, certain assets shall be deemed transferred and assigned to this Litigation Trust to be administered by the Litigation Trustee in accordance herewith. This Litigation Trust is created pursuant to, and to effectuate, certain provisions of the Plan and Confirmation Order pursuant to which the Litigation Trustee will hold the Litigation Trust Assets as contemplated by the Agreement, the Plan, and the Confirmation Order.

This Litigation Trust is established for the sole purpose of liquidating and distributing Litigation Trust Assets pursuant to the Plan and the terms of this Agreement with no objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, the liquidating purpose of this Litigation Trust.

The Litigation Trust is established for the benefit of holders of all Allowed Claims and Interests, as those terms are defined in the Plan (individually, a "Litigation Trust Beneficiary" and collectively, the "Litigation Trust Beneficiaries") (i) to pursue all Litigation Trust Claims, and (ii) to liquidate and distribute Litigation Trust Assets.

The Litigation Trustee was duly appointed as a representative of Peak pursuant to Section 1123(a)(5), (a)(7), and (b)(3)(B) of the Bankruptcy Code.

The Litigation Trust is intended to be treated as a grantor trust for federal income tax purposes. The Litigation Trust is intended to qualify as a liquidating trust within the meaning of Treasury Regulations section 301.7701-4(d).

NOW, THEREFORE, in consideration of the premises and agreements contained herein, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

Unless otherwise defined herein, all capitalized terms used in this Agreement shall have the meanings assigned to them in the Plan or in the Bankruptcy Code (as in effect on the date hereof). If there is any discrepancy between a definition herein and a definition in the Plan, the definition in the Plan shall govern.

1.1 **"Beneficiaries"** means the holders of Allowed Claims and Interests, as defined in the Plan.

1.2 **"Litigation Trustee"** means Mark Calvert solely in his capacity as the Peak Web Litigation Trustee and any successor or replacement duly appointed and acting in the capacity of Litigation Trustee as provided in Article VIII of this Agreement.

1.3 **"Litigation Trust"** means the Peak Web Litigation Trust established by the Plan set forth in this Agreement.

1.4 **"Litigation Trust Assets"** means (i) Peak's claims against Machine Zone in *Peak Web LLC v. Machine Zone, Inc., Epic War LLC and Does 1 through 10, inclusive,* Santa Clara County Superior Court Case No. 1-15-cv-288681 and all other claims Debtor may have arising out of or related to any of the facts, circumstances, events, or issues raised therein against Machine Zone, Inc., Epic War LLC, and Does 1 through 10 inclusive; (ii) any and all other claims or causes of action in any way related to or arising out of the same or similar facts, circumstances, events, or issues described therein whether against Machine Zone, Epic War, or any other party, whether or not that party is or may become a party to the above-captioned litigation or another action that may be subsequently filed; (iii) all Debtor's intellectual property rights and trade secrets; (iv) any and all avoidance or recovery claims of Debtor's bankruptcy estate under Chapter 5 of the Bankruptcy Code; and (v) any other claims or assets transferred to the Litigation Trust pursuant to the Plan, Confirmation Order, or this Agreement, and any income, proceeds, profits, revenue, or assets generated therefrom.

1.5 **"Litigation Counsel"** means the firms of Susman Godfrey LLP, Ropers Majeski Kohn Bentley PC, and any other counsel retained to represent the interests of the Litigation Trust with respect to any Litigation Trust Assets.

ARTICLE II
ESTABLISHMENT, PURPOSE AND FUNDING OF THE LITIGATION TRUST

2.1 Creation and Name. There is hereby created the Peak Web Litigation Trust, which is referred to in Article VI of the Plan. The Litigation Trustee may conduct the affairs of the Litigation Trust under the name of the "Peak Web Litigation Trust."

2.2 Declaration of Trust. In order to declare the terms contained herein, and in consideration of the confirmation of the Plan, Debtor and the Litigation Trustee have executed this Agreement for the purpose of creating the Litigation Trust.

2.3 Purpose of Peak Web Litigation Trust. The Grantor and the Litigation Trustee, pursuant to the Plan and in accordance with the Bankruptcy Code, hereby create this Litigation Trust for the purpose of prosecuting or otherwise liquidating and distributing the Litigation Trust Assets in accordance with Treasury Regulation section 301.7701-4(d) and Revenue Procedure 94-45, 1994-28 I.R.B.124 (July 11, 1994) ("Revenue Procedure 94-45") (or any subsequent Revenue Procedures that may be issued relating to liquidating trusts). In particular, this includes: reviewing, litigating, settling, dismissing, or releasing Peak's claims against Machine Zone in *Peak Web LLC v. Machine Zone, Inc., Epic War LLC and Does 1 through 10, inclusive,* Santa Clara County Superior Court Case No. 1-15-cv-288681 and any and all other claims or causes of action constituting a Litigation Trust Asset, and distributing the proceeds of any recoveries therefrom in accordance with this Agreement and the Plan. The activities of the Litigation Trust shall be limited to those activities set forth herein and as otherwise contemplated by the Plan. The Litigation Trustee understands and agrees that the Litigation Trust has no objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Litigation Trust.

2.4 Transfer of Litigation Trust Asset; Taxation

2.4.1 Pursuant to the Plan, which is incorporated by reference herein, the Grantor and the Litigation Trustee hereby establish, for the benefit of the Beneficiaries of the Litigation Trust, and the Grantor hereby grants, releases, assigns, conveys, transfers and delivers, on behalf of the Beneficiaries, the Litigation Trust Assets to the Litigation Trustee as of the Effective Date, in trust for the benefit of the Beneficiaries for the uses and purposes as specified in this Agreement and the Plan as well as all respective rights, title, and interest in and to any lawyer-client privilege, work product privilege, or other privilege or immunity attaching to documents or communications (whether written or oral) associated with the Litigation Trust Assets, all of which shall, and shall be deemed to, vest in the Litigation Trust for the benefit of the Litigation Trust Beneficiaries. The Grantor shall from time to time execute and deliver or cause to be executed and delivered all such documents (in recordable form where necessary or appropriate) and the Grantor shall take or cause to be taken such further action as the Litigation Trustee may reasonably deem necessary or appropriate, to vest or perfect in or confirm to the Litigation Trustee title to and possession of the Litigation Trust Assets in the Litigation Trust.

2.4.2 The Litigation Trust shall hold legal title to the Litigation Trust Assets. Following transfer, Debtor shall have no interest in or with respect to the Litigation Trust Assets. Notwithstanding the foregoing, for purposes of Section 553 of the Bankruptcy Code, the transfer of the Litigation Trust Assets to the Litigation Trust shall not affect the mutuality of obligations which otherwise may have existed prior to the effectuation of such transfer. The transfer of the Litigation Trust Assets to the Litigation Trust does not diminish, and fully preserves, any defenses a defendant would have if such Litigation Trust Assets had been retained by Debtor. The Litigation entitled *Machine Zone, Inc. v. Peak Web LLC*, Santa Clara County Superior Court Case No. 1-15-cv-288498 is not a Litigation Trust Asset, but all such rights of plaintiff therein to offset any claims it may have are preserved.

2.4.3 The Litigation Trustee shall have the sole authority and standing to bring all claims transferred to the Litigation Trust as Litigation Trust Assets, including the pending claims in the Machine Zone Litigation, and any other claims included as a Litigation Trust Asset against any other person identified by the Litigation Trustee. To the extent any Litigation Trust Assets cannot be transferred to the Litigation Trust because of a restriction on transferability under applicable non-bankruptcy law that is not superseded or preempted by Section 1123 of the Bankruptcy Code, or any other provisions of the Bankruptcy Code, such Litigation Trust Assets shall be deemed to have been retained by Reorganized Debtor and the Litigation Trustee shall be deemed to have been designated as the exclusive representative of Reorganized Debtor pursuant to Section 1123(b)(3)(B) of the Bankruptcy Code to enforce and pursue such Litigation Trust Assets on behalf of Reorganized Debtor and all proceeds, income, and recoveries on account of any such Litigation Trust Assets shall be assets of the Litigation Trust and paid over thereto immediately upon receipt by Reorganized Debtor or any other person.

2.4.4 For all federal, state and local tax purposes, it is intended that the Litigation Trust be classified as a liquidating trust under Treasury Regulations section 301.7701-4(d) and as a grantor trust subject to the provisions of Subchapter J, Subpart E of the Internal Revenue Code that is owned by the Beneficiaries as grantors. Accordingly, the Grantor, the Beneficiaries, and the Litigation Trustee shall treat the formation of the Litigation Trust as if each Beneficiary had received a distribution of an undivided interest in the Litigation Trust Assets from the Grantor and then contributed such interests to the Litigation Trust. The Litigation Trustee shall operate and maintain the Litigation Trust in compliance with the guidelines for liquidating trusts and grantor trusts as set forth in Internal Revenue Service Revenue Procedure 94-45 and Treasury Regulations sections 1.671-4(a) and 301.7701-4(d) and all subsequent guidelines regarding liquidating trusts and grantor trusts issued by the Internal Revenue Service. The Litigation Trustee shall treat all Litigation Trust income as subject to tax on a current basis. Each Beneficiary shall report its share of the net income of the Litigation Trust and pay any tax owing thereon on a current basis. The Litigation Trust Assets shall be valued consistently by the Litigation Trustee, and the valuations shall be used for all federal, state and local income tax purposes.

ARTICLE III
LITIGATION TRUST COMMITTEE

3.1 Litigation Trust Committee. A three-member Litigation Trust Committee shall be established. The initial members of the Litigation Trust Committee shall be (1) Mr. Jeffrey Papen, (2) a designee appointed by the Litigation Loan Lender, and (3) a representative appointed by the Unsecured Creditors' Committee. The Litigation Trust Committee shall make certain determinations, in accordance with this Agreement and the Plan. Except as otherwise set forth herein, approval of a majority of the members of such Litigation Trust Committee shall be required for the Litigation Trust Committee to act, provided that the Litigation Trust Committee may delegate responsibility for discrete issues or decisions to one or more of its members. The Litigation Trust Committee shall have the rights and powers set forth herein.

3.2 Resignation/Replacement of Member of Litigation Trust Committee. In the event that a member of the Litigation Trust Committee can no longer carry out his or her duties as a member of such committee (by reason of death, resignation or disability), the entity on whose behalf the representative was appointed may appoint a successor. In the event no such successor is appointed by the entity on whose behalf the representative was appointed within thirty (30) days, the Litigation Trustee shall petition the Bankruptcy Court to appoint a successor.

3.3 Confidentiality. Each member of the Litigation Trust Committee shall, while serving as a member of the Litigation Trust Committee under this Agreement and at all times thereafter, hold strictly confidential and not use for personal gain any material, non-public information of or pertaining to any entity to which any of the Litigation Trust Assets relate or of which he or she has become aware in his/her capacity as a member of the Litigation Trust Committee. The attorney-client, work product, and all other applicable privileges shall apply to communications with the Litigation Trust Committee and Litigation Counsel. Notwithstanding the foregoing, any member of the Litigation Trust Committee may disclose confidential information to the Bankruptcy Court, provided that such information shall be filed under seal to the extent necessary to protect it from disclosure.

3.4 Seeking Relief from the Bankruptcy Court. The Bankruptcy Court shall have exclusive jurisdiction to review the actions of the Litigation Trustee and the Litigation Trust Committee. If the Litigation Trustee or any member of the Litigation Trust Committee disputes any decision made by the Litigation Trustee or the Litigation Trust Committee, or if any member of the Litigation Trust Committee disputes any proposed action or omission by the Litigation Trustee, the disputing party may apply to the Bankruptcy Court for relief from the decision or the proposed action or omission, in which case the Bankruptcy Court may grant such relief as it deems to be appropriate in the circumstances, including reversing or modifying the decision or the proposed action or omission, and the Bankruptcy Court's determination shall be binding on the Litigation Trustee and the Litigation Trust Committee.

ARTICLE IV
ADMINISTRATION OF THE LITIGATION TRUST

4.1 Rights, Powers and Privileges. In connection with the administration of the Litigation Trust, except as set forth in this Agreement, the Litigation Trustee, in consultation with the Litigation Trust Committee is authorized to perform, any and all acts necessary or desirable to accomplish the purposes of the Litigation Trust, including prosecuting or otherwise liquidating and distributing the Litigation Trust Assets in accordance with Treasury Regulation section 301.7701-4(d). This includes: (i) reviewing, litigating, settling, dismissing, or releasing the claims transferred herein to the Litigation Trust, and (ii) distributing the proceeds of any of the Litigation Trust Assets in accordance with this Agreement and the Plan. In connection therewith, and subject to the limitations of Sections 3.4 and 4.4 hereof, the Litigation Trustee, in consultation with the Litigation Trust Committee, shall have discretion to pursue or not to pursue any and all claims, rights or causes of action, as he or she determines are in the best interests of the Beneficiaries and consistent with the purposes of the Litigation Trust, and shall have no liability for the outcome of his or her decision absent gross negligence, recklessness, fraud or willful misconduct. Without any limitation other than the limitations in this Agreement, the Litigation Trustee, in consultation with the Litigation Trust Committee, shall be expressly authorized, but shall not be required, to take the following actions which the Litigation Trustee, in his/her reasonable discretion, deems necessary or appropriate to fulfill the purpose of the Litigation Trust:

4.1.1 calculate and implement all distributions from the Litigation Trust in accordance with this Agreement and the Plan;

4.1.2 file all required tax returns and pay taxes and all other obligations on behalf of the Litigation Trust from funds held by the Litigation Trust, subject to limitations set forth herein and in the Plan;

4.1.3 periodically report to the Beneficiaries of the Litigation Trust as frequently as the Litigation Trustee reasonably believes is appropriate;

4.1.4 distribute the assets of the Litigation Trust in accordance with the provisions of this Agreement and the Plan;

4.1.5 retain and pay on a contingency fee basis (or normal and customary rates) professionals in connection with the Litigation Trustee's duties, subject to the limitations set forth herein and in the Plan (provided that the existing fee arrangements of Litigation Counsel shall not be modified unless approved by the Bankruptcy Court);

4.1.6 after consultation with and obtaining approval from the Litigation Trust Committee, analyze the Litigation Trust assets and decide whether to abandon, pursue, litigate, or settle such claims;

4.1.7 hold legal title to any and all rights of the Grantor and the Beneficiaries in or arising from the Litigation Trust assets;

4.1.8 protect and enforce the rights to the Litigation Trust assets vested in the Litigation Trustee by this Agreement and the Plan by any method deemed appropriate including, without limitation, by judicial proceedings or otherwise;

4.1.9 after consultation with and obtaining approval from the Litigation Trust Committee, compromise, adjust, arbitrate, sue on or defend, abandon, or otherwise deal with and settle, in accordance with the terms of this Agreement; claims in favor of or against the Litigation Trust;

4.1.10 determine and satisfy any and all liabilities created or incurred by the Litigation Trust;

4.1.11 request any appropriate tax determination with respect to the Litigation Trust;

4.1.12 in reliance upon the official claims register maintained in the Chapter 11 Case, maintain on the Litigation Trustee's books and records, a register evidencing the beneficial interest herein held by each Beneficiary;

4.1.13 open and maintain bank accounts on behalf of or in the name of the Litigation Trust;

4.1.14 make all tax withholdings, file tax information returns, make tax elections by and on behalf of the Litigation Trust and file returns for the Litigation Trust as appropriate;

4.1.15 send to each Beneficiary a separate statement stating the Beneficiary's share of income, gain, loss, deduction or credit;

4.1.16 establish such reserves for taxes, assessments, Litigation Trustee's fees and professional fees and other expenses of administration of the Litigation Trust as may be necessary and appropriate for the proper operation of matters incident to the Litigation Trust, subject to the limitations set forth herein and in the Plan;

4.1.17 pay all expenses and make all other payments relating to the Litigation Trust Assets, subject to the limitations set forth herein and in the Plan;

4.1.18 retain and pay third parties pursuant to Section 4.2 hereof;

4.1.19 obtain insurance coverage or a bond with respect to the liabilities and obligations of the Litigation Trustee and the members of the Litigation Trust Committee under this Agreement (in the form of an errors and omissions policy or otherwise);

4.1.20 make distributions in accordance with the terms hereof;

4.1.21 exercise all powers provided under the Plan to the Litigation Trustee;

4.1.22 invest any monies held as part of the Litigation Trust Assets in accordance with the terms of Section 4.3 hereof; and

4.1.23 terminate the Litigation Trust consistent with the terms of this Agreement and the Plan; and

4.1.24 such other responsibilities as may be vested in the Litigation Trustee pursuant to this Agreement, the Plan or the Confirmation Order, or as may be necessary and proper to carry out the provisions of the Plan.

The Litigation Trustee shall consult with, and obtain approval from, the Litigation Trust Committee prior to the actions described above or, in the absence of such approval, obtain an order of the Bankruptcy Court approving such transaction.

4.2 Agents and Professionals. The representation agreement entered on or about June 30, 2016 by and between Susman Godfrey LLP and Peak, as approved by the Bankruptcy Court pursuant to the Order Granting Debtor's Amended Application for Order to Employ Susman Godfrey LLP As Special Purpose Counsel pursuant to 11 U.S.C. § 328 [ECF No. 154] is hereby transferred to the Litigation Trust which shall be bound thereby and the Litigation Trust shall be substituted for Debtor with respect to all terms and conditions of the agreement. The Litigation Trustee and the Litigation Trust Committee may, but shall not be required to, consult with and retain any other attorneys, accountants, appraisers, or other parties deemed by the Litigation Trustee to have qualifications necessary to assist in the proper administration of the Litigation Trust. The Litigation Trustee may pay the reasonable salaries, fees and expenses of such persons (including himself/herself), including contingency fees, out of the Litigation Trust Assets, subject to the provisions of Section 8.8 hereof and the Plan.

4.3 Investment and Safekeeping of Litigation Trust Assets. Except as otherwise set forth in the Plan, all monies and other Litigation Trust Assets received by the Litigation Trustee shall, until distributed or paid over as herein provided, be held in the Litigation Trust for the benefit of the Beneficiaries. The Litigation Trustee shall be under no liability for interest or producing income on any monies received by the Litigation Trust and held for distribution or payment to the Beneficiaries, except as such interest shall be actually received by the Litigation Trustee. Investments of any monies held by the Litigation Trustee shall be administered in view of the manner in which individuals of ordinary prudence, discretion and judgment would act in the management of their own affairs; *provided, however*, that the right and power of the Litigation Trustee to invest monies held by the Litigation Trust or any income earned by the Litigation Trust shall be limited to the right and power to invest such monies, pending periodic distributions in accordance with the terms hereof and the Plan. For the removal of doubt, the investment powers of the Litigation Trustee, other than those reasonably necessary to maintain the value of the Litigation Trust Assets and the liquidating purpose of the Litigation Trust, are limited to powers to invest in demand and time deposits, such as short-term certificates of deposits, in banks or other savings institutions, or other temporary, liquid investments, such as treasury bills.

4.4 Limitations on Litigation Trustee. On behalf of the Litigation Trust or the Beneficiaries, the Litigation Trustee shall not at any time: (i) enter into or engage in any trade or business (other than the management and disposition of the Litigation Trust Assets), and no part of the Litigation Trust Assets or the proceeds, revenue or income therefrom shall be used or disposed of by the Litigation Trust in furtherance of any trade or business, or (ii) except as provided herein, reinvest any Litigation Trust Assets.

4.4.1 With regard to any sale, disposition, release, modification or waiver of existing rights as to an asset of the Litigation Trust or compromise or settlement of litigation or controverted matter, the Litigation Trustee must consult with, and obtain approval from, the Litigation Trust Committee with respect to any such transaction or, in the absence of such approval, an order of the Bankruptcy Court approving such transaction.

4.4.2 Other than as provided in this Agreement or the Plan, the Litigation Trustee is not empowered to incur indebtedness unless unanimously approved by the Litigation Trust Committee or as approved by the Bankruptcy Court and only as necessary to effectuate the purposes of the Litigation Trust.

4.4.3 The Litigation Trustee may only invest funds held in the Litigation Trust consistent with the requirements of this Agreement, the Bankruptcy Code or any order of the Bankruptcy Court modifying such requirements and, provided that the Litigation Trustee does so, he or she shall have no liability in the event of insolvency of any institution in which he or she has invested any funds of the Litigation Trust.

4.4.4 The Litigation Trustee shall hold, collect, conserve, protect and administer the Litigation Trust in accordance with the provisions of this Agreement and the Plan, and pay and distribute amounts as set forth herein for the purposes set forth in this Agreement and the Plan.

4.4.5 The Litigation Trustee shall not engage in activities inconsistent with the treatment of the Litigation Trust as a grantor trust or as a liquidating trust within the meaning of Treasury Regulations section 301.7701-4(d) or inconsistent with the requirements set forth in Revenue Procedure 94-45.

4.5 Bankruptcy Court Approval of Litigation Trustee Actions. Except as set forth herein, the Litigation Trustee need not obtain the order or approval of the Bankruptcy Court in the exercise of any power, rights, or discretion conferred hereunder, or account to the Bankruptcy Court. The Litigation Trustee, in consultation with the Litigation Trust Committee shall exercise his/her business judgment for the benefit of the Beneficiaries in order to maximize the value of the Litigation Trust Assets and distributions, giving due regard to the cost, risk, and delay of any cause of action. Notwithstanding the following, the Litigation Trustee shall have the right to submit to the Bankruptcy Court any question or questions regarding which the Litigation Trustee may desire to have explicit approval of the Bankruptcy Court for the taking of any specific action proposed to be taken by the Litigation Trustee with respect to the Litigation Trust assets, this Litigation Trust Agreement or the Plan, including the administration and distribution of the Litigation Trust Assets. The Bankruptcy Court shall retain exclusive jurisdiction for such purposes and shall approve or disapprove any such proposed action upon motion by the Litigation Trustee. In addition, the Litigation Trustee shall have the authority, but not the obligation, to seek Bankruptcy Court approval to sell any Litigation Trust Asset free and clear of any and all liens, claims and encumbrances, in consultation with the Litigation Trust Committee.

4.6 Reliance by Litigation Trustee

(a) The Litigation Trustee may rely, and shall be protected in acting upon, any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, or other paper or document believed by him to be genuine and to have been signed or presented by the proper party or parties;

(b) The Litigation Trustee may consult with any and all professionals to be selected by him and the Litigation Trustee shall not be liable for any action taken or omitted to be taken by him in accordance with the advice of such professionals, unless the Litigation Trustee acted or omitted to act with gross negligence, recklessness, fraud or willful misconduct; and

(c) Persons dealing with the Litigation Trustee shall look only to the Litigation Trust Assets to satisfy any liability incurred by the Litigation Trustee to such person in carrying out the terms of this Litigation Trust Agreement, and the Litigation Trustee shall have no personal obligation to satisfy any such liability.

4.7 Litigation Loan. The Litigation Loan entered into between Debtor and the Litigation Loan Lender, as approved by the Bankruptcy Court pursuant to the Final Order Authorizing Debtor to Obtain First Priority Secured Credit (Litigation Loan) on August 9, 2016, as amended, is hereby transferred to the Litigation Trust, which shall be bound thereby and the Litigation Trust shall be substituted for Debtor with respect to all terms and conditions of the Litigation Loan.

ARTICLE V
DISTRIBUTIONS FROM THE LITIGATION TRUST

5.1 Distributions. As soon as reasonably practicable after the date of this Agreement and thereafter as the Litigation Trustee reasonably determines, the Litigation Trustee shall make distributions to Beneficiaries in accordance with this Agreement and the Plan. Subject to the last sentence of this Section 5.1, the Litigation Trustee shall as soon as reasonably practicable after the receipt thereof and at least annually distribute to the Beneficiaries all net cash proceeds of the Litigation Trust Assets, provided that the Litigation Trustee shall not be required to make any distribution to the extent that the amount of cash available for distribution totals less than $250,000 in the aggregate. Notwithstanding the foregoing and subject to the limitations set forth in Section 5.6 below, the Litigation Trustee shall maintain a reserve of such amounts as are reasonably necessary to satisfy amounts that could be distributable in respect of such amounts (including administrative or other claims or other contingent liabilities) as reasonably necessary in his or her business judgment, in consultation with the Litigation Trust Committee, to fulfill his or her duties under this Agreement and the Plan.

5.2 Share of Distributions. Each Beneficiary shall receive its pro rata share of any and all distributions of the Litigation Trust Proceeds distributed in the same order of priority as set forth in the Bankruptcy Code and the Plan. The Litigation Proceeds shall be used to pay the expenses of the Litigation Trust, including, but not limited to, the costs and expenses of the Litigation Trust and all attorneys' fees, costs and expenses of Litigation Counsel, and then to payment of Allowed Creditor Claims, with payment first going to Secured Creditors in order of priority, then any unpaid Administrative Expense Claims, then Priority Tax Claims, then Allowed Unsecured Claims, until all such Claims have been paid in full, with interest, and then any remaining proceeds shall be distributed to the holders of the Interests in Debtor. The Litigation Trustee may withhold from amounts distributable to any Beneficiary, any and all amounts, determined in the Litigation Trustee's reasonable sole discretion, to be required by any law, regulation, rule, ruling, directive or other governmental requirement.

5.3 Delivery of Distributions. All distributions from the Litigation Trust to be made under this Agreement and the Plan shall be made to the Beneficiaries.

5.4 Timing of Distributions. Any payment or other distribution required to be made under the Litigation Trust or the Plan on a day other than a business day shall be due on the next succeeding business day. Any payment of cash shall be deemed made when such payment by check or wire transfer is transmitted.

5.5 Payments Limited to Litigation Trust Assets. All payments to be made by the Litigation Trustee to or for the benefit of any Beneficiary shall be made only to the extent that the Litigation Trustee has sufficient reserves to make such payments in accordance with this Agreement and the Plan. Each Beneficiary shall have recourse only to the Litigation Trust Assets for distribution under this Agreement.

5.6 Fees and Expenses. Subject to the limitations set forth herein and the Plan, the Litigation Trustee shall pay the operating and administrative expenses of the Litigation Trust out of the Litigation Trust Assets prior to distributions to or for the benefit of Beneficiaries, provided that payment of such expenses shall be solely out of the proceeds of the Litigation Trust Assets.

5.7 Priority Distributions. Any recovery by the Litigation Trust on account of the Litigation Trust Assets shall be applied in accordance with the priorities set forth in the Bankruptcy Code, Plan, or as set forth herein. Once all Allowed Claims have been paid in full, the Claims will be fully satisfied for all purposes, including, but not limited to, receipt of any further payments as may otherwise be due under the Plan from the Reorganized Debtor or from any other party. Thereafter, any remaining Litigation Trust Proceeds shall be distributed to the Interest holders.

5.8 Compliance with Laws. Any and all distributions of Litigation Trust Assets shall be in compliance with applicable laws.

ARTICLE VI
BENEFICIARIES

6.1 Identification of Beneficiaries. Each distribution by the Litigation Trustee to the Beneficiaries shall be made in accordance with the terms set forth in Article V hereof and the Plan and constitute a payment under the Plan.

6.2 Beneficial Interest Only. The ownership of a beneficial interest in the Litigation Trust shall not entitle any Beneficiary to any title in or to the Litigation Trust Assets or to any right to call for a partition or division of such Litigation Trust Assets or to require an accounting, except as specifically provided herein.

6.3 Ownership of Beneficial Interests Hereunder. Each Beneficiary shall own a beneficial interest in the Litigation Trust equal to such Beneficiary's entitlement under the Plan.

6.4 Evidence of Beneficial Interest. Ownership of a beneficial interest in the Litigation Trust Assets shall not be evidenced by any certificate, security, or receipt or in any other form or manner whatsoever, except as maintained on the books and records of the Litigation Trust by the Litigation Trustee.

6.5 Limitation on Transferability. It is understood and agreed that the beneficial interests in the Litigation Trust shall be assignable on the same terms and conditions as the underlying Allowed Claims under the Bankruptcy Code. An assignment shall not be effective unless notice is given to the Litigation Trustee within fifteen (15) days of the assignment and until appropriate notification and proof thereof is submitted to the Litigation Trustee, and the Litigation Trustee may continue to pay all amounts to or for the benefit of the assigning Beneficiaries until receipt of proper notification and proof of assignment. The Litigation Trustee may rely upon such proof without the requirement of any further investigation. Any notice of a change of beneficial interest ownership as permitted by operation of law or the Bankruptcy Code shall be forwarded to the Litigation Trustee by registered or certified mail as set forth herein and filed with the Bankruptcy Court. The notice shall be executed by both the transferee and the transferor, and the signatures of the parties shall be acknowledged before notary public and as required by Bankruptcy Rule 3001(e). The notice must clearly describe the interest to be transferred. The Litigation Trustee may conclusively rely upon such signatures and acknowledgements as evidence of such transfer without the requirement of any further investigation.

ARTICLE VII
THIRD PARTY RIGHTS AND LIMITATION OF LIABILITY

7.1 Parties Dealing with the Litigation Trustee. In the absence of actual knowledge to the contrary, any person dealing with the Litigation Trust or the Litigation Trustee shall be entitled to rely on the authority of the Litigation Trustee or any of the Litigation Trustee's agents to act in connection with the Litigation Trust Assets. No person or entity which may deal with the Litigation Trustee shall have any obligation to inquire into the validity or expediency or propriety of any transaction by the Litigation Trustee or any agent of the Litigation Trustee.

7.2 Limitation of Liability. Anything herein to the contrary notwithstanding, in exercising the rights granted herein, the Litigation Trustee and each member of the Litigation Trust Committee shall exercise his/her best judgment, to the end that the affairs of the Litigation Trust shall be properly managed and the interests of all the Beneficiaries are safeguarded; but the Litigation Trustee and each member of the Litigation Trust Committee shall not incur any responsibility or liability by reason of any error of law or of any matter or thing done or suffered or omitted to be done under this Agreement, unless the Litigation Trustee or such member of the Litigation Trust Committee has acted with gross negligence, recklessness, fraud or willful misconduct.

7.3 Indemnification. The Litigation Trustee and the Litigation Trust Committee and its members shall be indemnified and receive reimbursement against and from all loss, liability, expense (including counsel fees) or damage which the Litigation Trustee and the Litigation Trust Committee and its members may incur or sustain in the exercise and performance of any of their powers and duties under this Agreement, to the full extent permitted by applicable law, except if such loss, liability, expense or damage is finally determined by a court of competent jurisdiction to result from the Litigation Trustee's or the Litigation Trust Committee's or its members' gross negligence, recklessness, fraud, or willful misconduct. The amounts necessary for such indemnification and reimbursement shall be paid by the Litigation Trustee out of the Litigation Trust assets, except as otherwise provided in the Plan. The Litigation Trustee shall not be personally liable for the payment of any Litigation Trust expense or claim or other liability of the Litigation Trust, and no Person shall look to the Litigation Trustee personally for the payment of any such expense or liability. This indemnification shall survive the death, dissolution, resignation or removal, as may be applicable, of the Litigation Trustee, or the termination of the Litigation Trust, and shall inure to the benefit of the Litigation Trustee's heirs and assigns. Further, the Litigation Trustee and the Litigation Trust Committee and its members shall be immune from any liability for any good faith actions taken in such capacity, or pursuant to advice of counsel, to the fullest extent permitted under applicable law.

7.4 Compensation of Litigation Trust Committee. Subject to the limitations set forth herein and in the Plan, the Litigation Trustee and the Litigation Trust agree to pay or reimburse the Litigation Trust Committee for all reasonable out-of-pocket expenses incurred by the Litigation Trust Committee arising under or in connection with the performance of their duties under this Agreement as funds become available.

ARTICLE VIII
SELECTION, REMOVAL, AND COMPENSATION OF LITIGATION TRUSTEE

8.1 Initial Litigation Trustee. The initial Litigation Trustee shall be Mark Calvert.

8.2 Term of Service. The Litigation Trustee shall serve until (a) the completion of all the Litigation Trustee's duties, responsibilities and obligations under this Agreement; (b) termination of the Litigation Trust in accordance with this Agreement; or (c) the Litigation Trustee's death, resignation or removal.

8.3 Removal of a Litigation Trustee. Any person serving as Litigation Trustee may be removed and replaced upon the unanimous approval of the Litigation Trust Committee or an order of the Bankruptcy Court upon a showing of good cause. The removal shall be effective on the date specified by the Litigation Trust Committee or in the order. Notwithstanding the removal of the Litigation Trustee pursuant to this Section 8.3, the rights of the resigning Litigation Trustee under this Agreement with respect to acts or omissions occurring prior to the effectiveness of such removal will continue for the benefit of such resigning Litigation Trustee following the effectiveness of such resignation.

8.4 Resignation of Litigation Trustee. The Litigation Trustee may resign at any time by giving the Beneficiaries and Litigation Trust Committee at least sixty (60) days written notice of his or her intention to do so. In the event of a resignation, the resigning Litigation Trustee shall render to the Beneficiaries a full and complete accounting of monies and Litigation Trust Assets received, disbursed, and held during the term of office of that Litigation Trustee. The resignation shall be effective on the later to occur of: (i) the date specified in the notice; or (ii) the appointment of a successor by the unanimous consent of the Litigation Trust Committee or by an order of the Bankruptcy Court; and the acceptance of such successor of such appointment; *provided*, that if a successor Litigation Trustee is not appointed or does not accept his or her appointment or if the appointment of a successor Trustee has not been unanimously approved by the Litigation Trust Committee within sixty (60) days following delivery of notice of resignation, the resigning Litigation Trustee shall petition the Bankruptcy Court for the appointment of a successor Litigation Trustee. Notwithstanding the resignation of the Litigation Trustee pursuant to this Section 8.4, the rights of the resigning Litigation Trustee under this Agreement with respect to acts or omissions occurring prior to the effectiveness of such resignation will continue for the benefit of such resigning Litigation Trustee following the effectiveness of such resignation.

8.5 Appointment of Successor Litigation Trustee. Upon the resignation, death, incapacity, or removal of a Litigation Trustee, the Litigation Trust Committee may, by unanimous consent, appoint a successor Litigation Trustee to fill the vacancy. Any successor Litigation Trustee so appointed shall consent to and accept in writing the terms of this Agreement and agrees that the provisions of this Agreement shall be binding upon and inure to the benefit of the successor Litigation Trustee. In the event that a successor Litigation Trustee is not appointed within thirty (30) days of when required under this Agreement, any member of the Litigation Trust Committee or any Beneficiary may apply to the Bankruptcy Court for appointment of a successor Litigation Trustee upon notice to the Litigation Trust Committee.

8.6 Powers and Duties of Successor Litigation Trustee. A successor Litigation Trustee shall have all the rights, privileges, powers, and duties of his or her predecessor under this Agreement and the Plan. Notwithstanding anything to the contrary herein, a removed or resigning Litigation Trustee shall, when requested in writing by the successor Litigation Trustee, execute and deliver an instrument or, instruments conveying and transferring to such successor Litigation Trustee under the Litigation Trust all the estates, properties, rights, powers, and trusts of such predecessor Litigation Trustee.

8.7 Litigation Trust Continuance. The death, resignation or removal of the Litigation Trustee shall not terminate the Litigation Trust or revoke any existing agency created pursuant to this Agreement or invalidate any action theretofore taken by the Litigation Trustee.

8.8 Compensation and Costs of Administration. The Litigation Trustee shall receive fair and reasonable compensation for his/her services in accordance with his/her customary hourly rates and charged against and paid out of, and when funds become available from the Litigation Proceeds (subject to the limitations set forth in this Agreement and the Plan), *provided*, that no compensation may be paid to the Litigation Trustee or his/her professionals unless and until the following procedures have been followed with respect to any individual request for compensation: (i) the Litigation Trustee shall submit to the Litigation Trust Committee a monthly statement or statements ("Statements") reflecting all accrued fees (itemized, as applicable, to indicate the individual performing services, such individual's billable rate, a description of the services performed, the time spent, and the fees incurred) and itemized costs to be reimbursed, (ii) the amount reflected in any such Statements may be paid by the Litigation Trust after receipt of Litigation Proceeds unless the Litigation Trust Committee objects in writing to any compensation reflected in the Statements, in which case the undisputed amounts may be paid and the disputed amounts may only be paid by agreement of the Litigation Trust Committee or pursuant to order of the Bankruptcy Court, which shall retain exclusive jurisdiction over all disputes regarding the Litigation Trustee's and his/her professionals' compensation. All costs, expenses, and obligations, including without limitation filing fees, incurred by the Litigation Trustee (or professionals who may be employed by the Litigation Trustee in administering the Litigation Trust, in carryout their other responsibilities under this Agreement, or in any manner connected, incidental, or related thereto) shall be paid from the Litigation Proceeds prior to any distribution to the Beneficiaries (subject to the limitations set forth in this Agreement and the Plan).

8.9 Reporting and Filing Requirements

8.9.1 Upon distribution of any Litigation Proceeds, the Litigation Trustee, after consultation and approval of the Litigation Trust Committee, shall furnish a report to the Beneficiaries identifying the Litigation Proceeds received by the Litigation Trust, Litigation Proceeds being disbursed to beneficiaries, and all Litigation Proceeds disbursed for professional fees and costs of administering the Litigation Trust (including compensation paid to the Litigation Trustee).

8.9.2 The Litigation Trustee shall file tax returns for the Litigation Trust as a grantor trust pursuant to Treasury Regulations section 1.671-4(a) and any other applicable laws or regulations. The Litigation Trustee may withhold from amounts distributable to any Person any and all amounts, determined in the Litigation Trustee's reasonable sole discretion, to be required by any law, regulation, rule, ruling, directive or other governmental requirement.

8.9.3 The tax returns filed by the Litigation Trustee shall report all Litigation Trust earnings for the taxable year being reported.

8.10 Confidentiality. Except as required in the performance of his/her duties, the Litigation Trustee shall, while serving as Litigation Trustee under this Agreement and at all times thereafter, hold strictly confidential and not for personal gain any material, non-public information of or pertaining to any entity to which any of the Litigation Trust Assets relate or of which he/she has become aware solely in his/her capacity as Litigation Trustee. The attorney-client, work product, and all other applicable privileges shall apply to all communications with the Litigation Trustee and the Litigation Counsel.

ARTICLE IX
TRANSFER AND MAINTENANCE OF RECORDS AND INFORMATION

9.1 Transfer of Debtor's Documents and Information. Debtor and Reorganized Debtor shall transfer to the Litigation Trust all documents and information (including documents or information maintained in electronic format and original documents) related to the Litigation Trust Assets until the Litigation Trust is terminated. Debtor and Reorganized Debtor shall promptly respond to reasonable requests from the Litigation Trustee for documents or information (including documents or information maintained in electronic format and original documents) related to the Litigation Trust Assets, whether held by Debtor and Reorganized Debtor or their agents, advisors, attorneys, accountants or other professionals. In addition, Debtor and Reorganized Debtor shall provide the Litigation Trustee with access to the employees, agents, advisors, attorneys, accountants and professionals employed, retained or consulted by Debtor or Reorganized Debtor who have knowledge of matters relevant to the Litigation Trust Assets, including making such parties available to provide deposition, trial or other testimony in connection with any litigation involving the Litigation Trust Assets. Notwithstanding the foregoing provisions of this paragraph, in the event Debtor or Reorganized Debtor determines that any such provision of information violates any law or legal proceeding or waives any applicable privilege, protection or immunity, including, without limitation, the attorney-client privilege or the work-product doctrine, Debtor or Reorganized Debtor shall take all reasonable measures to provide such information in a manner that avoids any such harm or consequence, including retention of the specific files.

9.2 Maintenance of Records by Litigation Trustee. The Litigation Trustee shall maintain books and records containing a description of all property from time to time constituting the Litigation Trust Assets and an accounting of all receipts and disbursements. Such books and records may be destroyed without further notice to parties or approval of the Bankruptcy Court three (3) years after the termination of this Agreement or the Litigation Trust (unless such records and documents are necessary to fulfill the Litigation Trustee's obligations pursuant to this Agreement). Notwithstanding the foregoing, during the term of the Litigation Trust, the Litigation Trustee may destroy or abandon business records transferred by Grantor to the Litigation Trust thirty (30) days after delivery of written notice to the Litigation Trust Committee and the Beneficiaries of the Litigation Trustee's intent to destroy or abandon such record, unless prior to the expiration of such 30-day period, the Litigation Trust Committee or the Beneficiaries shall have objected in writing to the destruction of such records. The Litigation Trustee may estimate and include, as part of the Litigation Trustee's compensation, a reasonable sum to be used for the purpose of maintaining, accessing and destroying records during the term of the Litigation Trust and for up to three (3) years thereafter.

ARTICLE X
DURATION OF LITIGATION TRUST

10.1 Duration. The Litigation Trust shall become effective upon the Effective Date of the Plan. Thereupon, this Agreement shall remain and continue in full force and effect until the Litigation Trust is terminated in accordance with the provisions of this Agreement, the Plan, or Bankruptcy Court order.

10.2 Termination of the Litigation Trust. Termination of the duties, responsibilities and powers of the Litigation Trustee and the Litigation Trust Committee, and the termination of the Litigation Trust shall occur on the earlier of (i) full resolution of all Litigation Trust Assets transferred to the Litigation Trust, distribution of the Litigation Trust Assets and the net proceeds thereof in accordance with this Agreement, and conclusion of all matters relative to the administration of the Litigation Trust, except for the filing of all final tax returns or (ii) five (5) years from the Effective Date; *provided, however*, subject to approval of the Bankruptcy Court on a finding for cause shown, that an extension is necessary for the purpose of the Litigation Trust, the term of the Litigation Trust may be extended for a finite period based upon the particular circumstances at issue. Each such extension must be approved by the Bankruptcy Court within six (6) months of the beginning of the extended term.

10.3 Continuance of Litigation Trust for Winding Up. After the termination of the Litigation Trust and for the purpose of liquidating and winding up the affairs of the Litigation Trust, the Litigation Trustee shall continue to act as such until his or her duties have been fully performed, including, without limitation, such post-distribution tasks as necessary to wind up the affairs of the Litigation Trust. Subject to the provisions of 9.2 hereof, after the termination of the Litigation Trust, the Litigation Trustee shall retain for a period of five (5) years the books, records, Beneficiary lists, and certificates and other documents and files which shall have been delivered to or created by the Litigation Trustee. Except as otherwise specifically provided herein, upon the discharge of all liabilities of the Litigation Trust and final distribution of the Litigation Trust, the Litigation Trustee shall have no further duties or obligations hereunder.

ARTICLE XI
MISCELLANEOUS

11.1 Preservation of Privilege. In connection with the rights, claims, and causes of action that constitute Litigation Trust Assets, any and all attorney-client privilege, work-product privilege, or other privilege or immunity attaching to any documents or communications (whether written or oral) are transferred to the Litigation Trust and shall vest in the Litigation Trustee and his or her representatives and the Litigation Trust Committee and the Grantor and the Litigation Trustee are authorized to take all necessary actions to effectuate the transfer of such privileges, as necessary.

11.2 Notices. All notices to be given to Beneficiaries may be given by ordinary mail, or may be delivered personally, to the holders at the addresses appearing on the books kept by the Litigation Trustee. Any notice or other communication which may be or is required to be given, served, or sent to the Litigation Trust or the Litigation Trustee shall be in writing and shall be sent by registered or certified United States mail, return receipt requested, postage prepaid, or transmitted by hand delivery or facsimile (if receipt is confirmed) addressed as follows:

If to the Litigation Trust:	Litigation Trustee Mark Calvert 1420 Fifth Avenue, Suite 3382 Seattle, WA 98101 Email: mark@cascadecapitalgroup.com Facsimile ______________________
With a copy to:	______________________ ______________________ ______________________ ______________________ Email ______________________ Facsimile ______________________
If to a Beneficiary:	To the name and address for such Beneficiary as stated in the records of the Litigation Trust or the Bankruptcy Case

11.3 Bond. The Litigation Trustee (and any successor Litigation Trustee) shall maintain a fiduciary bond until the final distribution from the Litigation Trust. The face amount of the bond shall at all times be in an amount no less than 125 percent of the total amount of cash under the Litigation Trustee's control. The cost of the bond shall be paid out of the Litigation Trust Assets. Any party in interest may request an order of the Bankruptcy Court that the face amount of the Litigation Trustee's bond shall be increased or decreased.

11.4 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Oregon without regard to principles of conflicts of law.

11.5 Successors and Assigns. This Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns.

11.6 Headings. The various headings of this Agreement re inserted for convenience only and shall not affect the meaning or understanding of this Agreement or any provision hereof.

11.7 No Execution. All funds in the Litigation Trust shall be deemed *incustodia legis* until such times as the funds have actually been paid to or for the benefit of a Beneficiary, and no Beneficiary or any other Person can execute upon, garnish or attach the Litigation Trust Assets or the Litigation Trust in any manner or compel payment from the Litigation Trust except by Final Order of the Bankruptcy Court. Payment will be solely governed by this Agreement and the Plan.

11.8 Intention of Parties to Establish Grantor Litigation Trust. This Agreement is intended to create a grantor trust for United States federal income tax purposes and, to the extent provided by law, shall be governed and construed in all respects as such a grantor trust.

11.9 Amendment. This Agreement may be amended only by order of the Bankruptcy Court.

11.10 Severability. If any term, provision, covenant or restriction contained in this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void, unenforceable or against its regulatory policy, the remainder of the terms, provisions, covenants and restrictions contained in this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

11.11 Counterparts and Facsimile Signatures. This Agreement may be executed in counterparts and a facsimile or other electronic form of signature shall be of the same force and effect as an original.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year written above.

PEAK WEB LLC	MARK CALVERT
By ______________________________	______________________________
Jeffrey Papen, Chief Executive Officer	Mark Calvert, solely in his capacity as Litigation Trustee under this Agreement

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PEAK WEB LLC

AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT

DATED EFFECTIVE AS OF
APRIL 1, 2017

PEAK WEB LLC

AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT

THIS PEAK WEB LLC AMENDED AND RESTATED LIMITED LIABILITY COMPANY OPERATING AGREEMENT (this *"Agreement")* is dated as of April 1, 2017 (the *"Effective Date"),* by and among PSA 9, LLC, a Nevada limited liability company (*"PSA9"*) and sole holder of Series A Preferred Units (as defined below), Jon Billow, President of the Company (as defined below) and holder of Common Units (*"Billow"*), any other holders of Common Units (collectively, the *"Creditors")* and those other Persons listed on Schedule I hereto or who become members of the Company from time to time, as hereinafter provided (collectively with PSA9, Billow and the Creditors, the *"Members").* This Agreement amends, restates, replaces and supersedes in its entirety the Peak Web LLC Limited Company Agreement dated December 16, 2008.

RECITALS

WHEREAS, on October 16, 2008 Peak Web LLC, a California limited liability company (the *"Company"),* was formed pursuant to the filing of the Articles of Organization (the *"Articles")* with the Office of the Secretary of State of the State of California.

WHEREAS, in connection with the Company's bankruptcy plan of reorganization filed in the U.S. Bankruptcy Court for the District of Oregon, Case No. 16-32311-pcm11 (the *"Plan"*), PSA9 is converting its operating loan to the Company of $500,000 plus accrued and unpaid interest into Series A Preferred Units, and in connection with such Plan certain other creditors and parties in interest of the Company with Allowed Claims (as defined in the Plan) have been offered under the Plan the opportunity to convert some or all of the indebtedness owed by the Company into Common Units, and Billow is being issued Common Units in connection with his services as an employee of the Company, and as such the Members desire to enter into this Agreement to reflect their admission as Members of the Company and the terms and provisions relating to their ownership and management of the Company.

NOW, THEREFORE, in consideration for the mutual promises provided herein, the parties agree as follows:

ARTICLE I
DEFINITIONS

1.1 DEFINITIONS

As used in this Agreement, the following terms have the following meanings:

"Act" means the California Revised Uniform Limited Liability Company Act as amended and in effect from time to time.

"Adjusted Capital Account Deficit" means, with respect to any Member, the deficit balance, if any in the Member's Capital Account as of the end of the relevant Allocation Year, after giving effect to the following adjustments (the Capital Account referred to herein as an *"Adjusted Capital Account"*):

(a) Credit to the Capital Account any amounts the Member is obligated to restore or is deemed to be obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and

(b) Debit to the Capital Account the items described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and will be interpreted consistently therewith.

"Affiliate" means, with respect to any Person, a Person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person. For purposes of this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. An Affiliate of a Member also shall include any Person that is an officer, director, employee or trustee of such Member.

"Agreement" has the meaning given to that term in the introductory paragraph, as amended from time to time.

"Bankruptcy" means with respect to any Person: (a) without the consent or acquiescence of the Person, the entering of an order for relief or approving a petition for relief or reorganization or any other petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or other similar relief under any present or future bankruptcy, insolvency or similar statute, law or regulation, or the filing of such a petition against the Person, which petition will not be dismissed within 90 days, or, without the consent or acquiescence of the Person, the entering of an order appointing a trustee, custodian, receiver, or liquidator of the Person, or of all or any substantial part of the property of the Person, which order will not be dismissed within 60 days; or (b) the inability of the Person generally to pay its debts as they become due, or an admission in writing by the Person of its inability to pay its debts generally or a general assignment by the Person for the benefit of creditors; the filing of any petition or answer by the Person seeking to adjudicate itself as bankrupt or insolvent, or seeking for itself any liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of the Person or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking, consenting to, or acquiescing in the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for the Person or for any substantial part of its property; or corporate action taken by the Person to authorize any of the actions set forth above.

"Business Day" means any weekday other than a weekday on which banks in New York are authorized or required to close.

"Capital Account" means, with respect to any Member, the Capital Account established on the books of the Company for such Member and maintained in accordance with the following provisions:

(a) To each Member's Capital Account there shall be credited (i) the Capital Contribution of such Member, (ii) allocations to such Member of Company Net Income, (iii) any items in the nature of income or gain that are specially allocated to such Member pursuant to Article IV, and (iv) the amount of any Company liabilities assumed by such Member or that are secured by any Company property distributed to such Member.

(b) To each Member's Capital Account there shall be debited (i) the amount of cash and the fair market value of any property (other than cash) distributed to such Member by the Company, (ii) allocations to such Member of Company Net Losses, (iii) any items of deductions or losses that are specially allocated to such Member pursuant to Article IV, and (iv) the amount of any liabilities of such Member assumed by the Company or that are secured by property contributed to the Company by such Member.

(c) In determining the amount of any liability for purposes of clauses (a) and (b) above, there will be taken into account Code Section 752(c) and any other applicable provisions of the Code and Treasury Regulations.

In the event Unit(s) in the Company are Transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the Transferred Unit(s). The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Treasury Regulations.

"Capital Contribution" means, with respect to any Member, the amount of money and the initial Gross Asset Value of any property (other than money) contributed to the Company by such Member.

"Cash Available for Distribution" means, as of the end of any fiscal quarter or other applicable period, cash funds of the Company in excess of amounts reasonably required for the satisfaction of the Company's obligations, the repayment of Company borrowings, interest thereon, other liabilities and expenses, working capital and reserves that the Series A Preferred Member deems reasonably necessary or advisable for the proper operation of the business of the Company. Cash Available for Distribution includes the Company's net cash flow irrespective of the source of the cash flow, and refers to net cash flow from operations as well as net cash proceeds of all sales, exchanges, dispositions and financings or other extraordinary Company events, after payment, as required under the Plan, of General Unsecured Claims from 50% of the Company's "Adjusted Net Income" as defined in the Plan. Notwithstanding anything contained herein to the contrary, Cash Available for Distribution does not include cash from Capital Contributions.

"Class" means a particular class of Units having such rights, preferences and obligations as set forth in this Agreement or amendment or addendum thereto.

"Code" means the Internal Revenue Code of 1986 and any successor statute, as amended from time to time.

"Common Percentage Interest" means that percentage obtained for each Common Member equal to the number of Common Units owned by such Common Member divided by the total number of issued and outstanding Common Units of the Company.

"Common Member" means a Member to the extent of his, her or its holding of Common Units in the Company.

"Common Units" means that Class of Units of the Company that are designated as Common pursuant to the terms of this Agreement.

"Company" means Peak Web LLC, a California limited liability company.

"Company Minimum Gain" has the same meaning as "partnership minimum gain" set forth in Treasury Regulations Sections 1.704-2(b)(2) and 1.704-2(d).

"Depreciation" means, for each Fiscal Year, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for the Fiscal Year, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of the Fiscal Year, Depreciation will be an amount which bears the same ratio to the beginning Gross Asset Value as the federal income tax depreciation, amortization or other cost recovery deduction for the Fiscal Year bears to the beginning adjusted tax basis; provided, however, that if the federal income tax depreciation, amortization, or other cost recovery deduction for the year is zero, Depreciation will be determined with reference to the beginning Gross Asset Value using any reasonable method selected by the Board of Managers.

"Effective Date" has the meaning given to that term in the introductory paragraph to this Agreement, which date coincides with the Effective Date as defined in the Plan.

"Entity" means any one or more general partnerships, limited partnerships, corporations, joint ventures, trusts, business trusts, limited liability companies, limited liability partnerships, cooperatives, associations or combination of the foregoing.

"Estimated Tax Amount" means, with respect to each Member, an amount equal to the highest statutory rate applicable to ordinary income or capital gain (as the case may be) for the Member in effect for a given Fiscal Year multiplied by the Company's net taxable income or gain for federal income tax purposes (or an estimate of the taxable income or gain as determined by the Board) allocated to such Member for such Fiscal Year.

"Fiscal Year" means the calendar year.

"Gross Asset Value" means, with respect to any Company asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(a) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset at the time of such contribution, as determined by the contributing Member and the Company;

(b) In order to preserve the economic interests of each Member in the Company, the Company may (but shall not be required to) adjust the Gross Asset Values of all Company assets to equal their respective gross fair market values, as determined by the Company, immediately prior to the following times: (i) the acquisition of additional Units in the Company by any new or existing Member for more than a *de minimis* Capital Contribution, (ii) the distribution by the Company to a Member of more than a *de minimis* amount of Company property, (iii) the withdrawal of a Member, and (iv) the liquidation of the Company;

(c) The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Treasury Regulations Section 1.704-l(b)(2)(iv)(m); provided, however, that Gross Asset Values shall not be adjusted pursuant to this item (c) to the extent an adjustment is made at that time pursuant to item (a) or (b) of this definition; and

(d) The Gross Asset Value of any Company asset distributed in kind to any Member shall be adjusted to equal its gross fair market value, as determined by the Members, on the date of distribution.

If the Gross Asset Value of an asset has been determined or adjusted pursuant to item (a), (b) or (d) above, the Gross Asset Value will thereafter be adjusted by the Depreciation taken into account with respect to the asset for purposes of computing Profits and Losses.

"Liquidation Event" shall mean a liquidation, dissolution or winding up of the Company and shall specifically include (i) any sale of all or substantially all of the Company's assets, (ii) any sale, transfer, exclusive license, or covenant not to commercially exploit all or substantially all of the Company's core intellectual property, and (iii) the acquisition of the Company by another entity (other than a reorganization for the purpose of changing the Company's domicile or converting into an S or C Corporation) by means of merger or other form of reorganization in which the outstanding Units of the Company are exchanged for securities or other consideration issued by or on behalf of the acquiring entity as a result of which the Members of the Company immediately prior to such transaction hold less than fifty percent of the voting power of the surviving or resulting entity.

"Majority Approval of the Common Members" means the consent of one or more Common Members having among them more than fifty percent (50%) of the then outstanding Common Units entitled to vote on a particular matter presented to the Common Members.

"Majority Vote of the Managers" means the consent of more than fifty percent (50%) of a quorum of Managers entitled to vote on a particular matter presented to the Board.

"Member" means any Person executing this Agreement as of the date of this Agreement as a member (including a Series A Preferred Member) or hereafter admitted to the Company as a member (including a Series A Preferred Member) as provided in this Agreement, but does not include any Person who has ceased to be a member in the Company.

"Member Nonrecourse Debt" has the same meaning as the term "partner nonrecourse debt" set forth in Treasury Regulations Section 1.704-2(b)(4).

"Member Nonrecourse Debt Minimum Gain" means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if the Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Treasury Regulations Section 1.704-2(i)(3).

"Member Nonrecourse Deductions" has the same meaning as the term "partner nonrecourse deductions" set forth in Treasury Regulations Section 1.704-2(i)(1) and (i)(2).

"Nonrecourse Deductions" has the meaning set forth in Treasury Regulations Sections 1.704-2(b)(1) and (c).

"Nonrecourse Liability" has the meaning set forth in Treasury Regulations Section 1.752-1(b)(3).

"Net Income" and ***"Net Losses"*** mean, for each Fiscal Year or other period, an amount equal to the Company's taxable income or loss for such year or period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(l) shall be included in taxable income or loss), with the following adjustments:

(a) Any income of the Company that is exempt from federal income tax shall be added to such taxable income or loss;

(b) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Treasury Regulations Section 1.704-l(b)(2)(iv)(i) shall be subtracted from such taxable income or loss;

(c) Gain or loss resulting from any disposition of Company property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the adjusted book value of the property disposed of, notwithstanding that the adjusted tax basis of the asset differs from its adjusted book value; and

(d) In the event the Gross Asset Value of any Company asset is adjusted pursuant to item (b) or (d) of the definition of Gross Asset Value, the amount of the adjustment will be treated as an item of gain (if the adjustment increases the Gross Asset Value of the asset) or an item of loss (if the adjustment decreases the Gross Asset Value of the asset) from the disposition of the asset and will be taken into account for purposes of computing Net Income or Net Losses;

(e) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing the taxable income or loss, there will be taken into account Depreciation for the Fiscal Year, computed in accordance with the definition of Depreciation;

(f) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Sections 734(b) or 743(b) is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's interest in the Company, the amount of the adjustment will be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis) from the disposition of the asset and will be taken into account for purposes of computing Net Income or Net Losses; and

(g) Notwithstanding any other provisions of this definition, any items that are specially allocated pursuant to Section 4.2 will not be taken into account in computing Net Income or Net Losses.

The amounts of the items of Company income, gain, loss, or deduction available to be specially allocated pursuant to Section 4.2 will be determined by applying rules analogous to those set forth in items (a) through (g) above.

*"**Officer**"* means a Person appointed by the Company to implement the management decisions and handle the day-to-day operational affairs of the Company.

*"**Person**"* means any natural person, partnership (whether general or limited), limited liability company, trust, estate, association, corporation, custodian, nominee, or any other individual or Entity in its own or any representative capacity.

*"**Securities**"* means all shares or units of the Company's capital equities (including, without limitation, the Units), whether now authorized or not, and any shares of the Company's capital equities or another entity issued in exchange for or in respect of shares of the Company's capital equities (whether pursuant to a stock split, stock dividend, combination, reclassification, reorganization, or any other means), and any right or instrument through which shares of the Company's capital equities may be obtained.

"Securities Act" means the Securities Act of 1933, as amended.

"Series A Preferred Member" means a Member to the extent of his, her or its holding of Series A Preferred Units in the Company.

"Series A Preferred Unit" means that class of Units described in Section 3.2(a) hereof.

"Treasury Regulations" means the income tax regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"Transfer" means any sale, assignment, conveyance, deed, bill of sale, mortgage, security interest, exchange, gift, devise, distribution, hypothecation, pledge, encumbrance, attachment, levy, foreclosure, sale by legal process under execution, attachment or receivership, sale or retention of any Units or interest in Units by a secured party after a default, change in the beneficial ownership or the trustee of any trust which is a holder of a Unit, change of ownership ordered by any court pursuant to dissolution of marriage, withdrawal or dissociation or otherwise, or other change in ownership, voluntary or involuntary or by operation of law.

"Unit" means an interest in the Company issued by the Company from time to time pursuant to the terms of this Agreement and includes all Units of all Classes so issued.

"Unit Plan" means a Company equity incentive plan for issuance of Common Units for employees of the Company as may be approved by the Board.

"Violation" means losses, claims, damages, or liabilities (joint or several) to which a party to this Agreement may become subject under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations: (a) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, (b) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (c) any violation or alleged violation by any other party to this Agreement, of the Securities Act, the Exchange Act, any state securities law or any rule or regulation promulgated under the Securities Act, the Exchange Act, or any state securities law.

ARTICLE II
ORGANIZATION

2.1 FORMATION OF LIMITED LIABILITY COMPANY; ARTICLES

(a) The Company has been formed as a limited liability company under the laws of the State of California, and the rights and liabilities of the Members shall be as provided in the Act, except as otherwise expressly provided herein.

(b) The Members have filed or caused to be filed the Articles and the Members shall file, or cause to be filed, all such other certificates, notices, statements or other instruments required by law for the formation and continued operation of the Company as a California limited liability company.

2.2 NAME

The name of the Company is "Peak Web LLC" and all Company business must be conducted in that name or such other names that comply with applicable law.

2.3 REGISTERED AGENT REGISTERED OFFICE; PRINCIPAL OFFICE

The registered office of the Company in the State of California shall be at 818 West Seventh Street - Suite 930, Los Angeles County, Los Angeles, California 90017. The registered agent of the Company to accept service of process is NATIONAL REGISTERED AGENTS, INC. The registered office and registered agent of the Company may be changed by a Manager from time to time by filing an amendment to the Articles in accordance with the Act.

2.4 PURPOSE

The Company is organized to engage in any lawful act for which a limited liability company may be organized under the Act. The Company shall be authorized to engage in any and all other lawful activities, which the Board determines to be beneficial or desirable for the development of the aforementioned purposes.

2.5 TERM

The Company commenced on the date the Articles was filed with the Secretary of State of the State of California and shall continue indefinitely unless terminated pursuant to Section 13.1.

2.6 NO STATE-LAW PARTNERSHIP

The Members intend that the Company not be a partnership or joint venture, and that no Member be a partner or joint venture of any other Member, for any purposes other than federal and, to the extent permitted, state and local tax purposes, and this Agreement shall not be construed to produce a contrary result.

2.7 PARTNERSHIP TAX CHARACTERIZATION

It is the express intention of the Members that the Company be classified as a partnership for federal income taxation and not as an association taxable as a corporation. No Member shall take any action inconsistent with such treatment. It is the further intention of the Members that this Agreement be interpreted and applied accordingly.

2.8 TITLE TO COMPANY PROPERTY

All property owned by the Company shall be deemed to be owned by the Company as an entity, and no Member, individually, shall have any ownership interest in any such property.

2.9 FAILURE TO OBSERVE FORMALITIES

A failure to observe any formalities or requirements of this Agreement, the Articles or the Act shall not be grounds for imposing personal liability on the Manager or Members for liabilities of the Company.

2.10 NO LIABILITY OF MEMBERS AND MANAGER TO THIRD PARTIES

Except as otherwise provided in (i) the Act and (ii) the Series A Preferred Unit Purchase Agreement, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and no Member of the Company nor the Manager shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Member or Manager of the Company.

2.11 REASONABLE RELIANCE BY THIRD PARTY CREDITORS

This Agreement is entered into among the Members for the sole and exclusive benefit of the Members and their duly recognized successors and assigns. Nothing expressed or mentioned in or to be implied from this Agreement is intended or shall be construed to give to any Person other than the parties hereto any legal or equitable right, remedy or claim under or in respect to this Agreement, and no such Person shall have the right to bring an action to enforce any of the provisions of this Agreement, including, but not limited to, the Members' obligations to make Capital Contributions to the Company.

ARTICLE III
AUTHORIZED CAPITAL; DISPOSITIONS OF INTERESTS

3.1 CLASSES OF UNITS; AUTHORIZED UNITS

(a) The Company shall be, and hereby is, authorized to issue two Classes of Units: Series A Preferred Units and Common Units. The holders of each Class of Units shall be entitled to the rights and subject to the obligations set forth herein ascribed to such Class. Any holder of a Class of Units who is admitted to the Company as a Member shall be referred to as a Member of such Class of Units (e.g., a holder of Common Units shall be referred to as a Common Member or a holder of Series A Preferred Units shall be referred to as a Series A Preferred Member). Any holder of more than one Class of Units shall have separate rights under this Agreement with respect to each Class of Units held by such Member. For example, a holder of both Common Units and Series A Preferred Units shall be referred to and shall be treated separately in his, her or its separate capacities as a Common Member and a Series A Preferred Member.

(b) The Company is authorized to issue up to 500,000 Series A Preferred Units.

(c) The Company is authorized to issue up to 800,000 Common Units, and 120,000 of which shall be reserved for issuance under the Unit Plan.

(d) Any Unit which may have been redeemed, purchased or acquired by the Company may not be reissued.

3.2 PREFERRED UNITS

(a) On the Effective Date, the Company has issued to PSA9 500,000 Series A Preferred Units, and PSA9 has been admitted as a Member of the Company, in exchange for cancellation of its operating loan. The Company shall not sell or issue additional Series A Preferred Units.

(b) Upon the Company's distribution to the Series A Preferred Member an amount, together with all prior amounts distributed, such that the Series A Preferred Member has collectively received from all such distributions an amount equal to its initial Capital Account plus the Preferred Return (as defined below), then such final distribution will be in full payment and liquidation and redemption of the Series A

Preferred Units, and upon such distribution the rights and privileges of the Series A Preferred Member as a Member and holder of Series A Preferred Units will cease without any further action on the part of the Company or the Series A Preferred Member and any and all consent, voting and other rights, preferences and privileges of a Series A Preferred Member or holder of Series A Preferred Units under this Agreement shall no longer be effective or required. No Net Income or Net Losses will be allocated to the Series A Member following the redemption of its Series A Preferred Units.

3.3 COMMON UNITS

(a) On the Effective Date the Company has issued _______ Common Units to creditors of Allowed Claims of the Company electing to convert indebtedness owed by the Company. The dollar amounts converted by Creditors and such Creditors initial Capital Account values are as set forth on the attached Exhibit B.

(b) On the Effective Date the Company has issued 500 Common Units to Billow under the Unit Plan. Within 30 days after the Effective Date, Billow will make an effective election with the Internal Revenue Service under Code Section 83(b) and the Treasury Regulations thereunder and will notify the Company accordingly.

(c) The Company has reserved 119,500 Common Units for issuance under the Unit Plan as such Common Units may be granted by the Board of Managers.

(d) No Member shall have any personal liability for the repayment of the Capital Contributions of any Common Member.

(e) The Company and the Members will take all actions, including the amendment of this Agreement, as necessary or appropriate to cause Billow's interest in the Company, and any interest in the Company issued to any other service provider that is designated in the applicable award agreement as a profits interest, to be treated as a profits interests for all United States federal income tax purposes (and to the extent possible, for all foreign, state and local income tax purposes), to be valued based on liquidation value or similar principles, and to permit allocations of income made to such service providers to be respected, including any action required by the Company under Revenue Procedure 2001-43, unless superseded by Notice 2005-43, in which case the Company is permitted to take any and all actions as may be necessary or desirable under such notice, or any final or temporary regulations that may be promulgated to implement the IRS Proposed Treasury Regulations (Proposed Regulations Sections 1.83-3, 1.704-1, 1.706-33, 1.707-1, 1.721-1, 1.761-1) set forth in the notice of proposed rulemaking (Reg.-105346-03), and any similar or related authority.

(f) If any Member at any time resides in a community property state, such Member's spouse must execute a Consent of Spouse substantially in the form attached as Exhibit C, agreeing to be bound by the provisions of this Agreement.

3.4 NO ADDITIONAL CONTRIBUTIONS

Unless all the Members otherwise agree, no Member will be required to contribute any additional capital to the Company.

3.5 LIABILITY TO THIRD PARTIES

Except as to any obligation it may have under the Act to repay funds that may have been wrongfully distributed to it, no Member shall be liable for the debts, obligations or liabilities of the Company, including under a judgment decree or order of a court.

3.6 RESTRICTION ON TRANSFERS

Except as otherwise permitted by this Agreement, no holder of Units will Transfer any Units. For the avoidance of doubt, no holder of Units may dissociate from the Company without the written consent of the Company through action of the Board of Managers.

3.7 PERMITTED TRANSFERS

A holder of Units may at any time Transfer any Units to: (a) the Company; or (b) any Person approved by the Company through written action of the Board of Managers (any such Transfer pursuant to subsections (a)-(b) being referred to as a "Permitted Transfer").

ARTICLE IV
ALLOCATION OF NET INCOME AND NET LOSSES

4.1 ALLOCATION OF NET INCOME AND NET LOSSES

After giving effect to the special allocations set forth in Section 4.2, Net Income or Net Losses for each Fiscal Year will be allocated among the Members in a manner that will result in the Capital Account balance for each Member (which balance may be positive or negative), after adjusting the Capital Account for all Capital Contributions and distributions and any special allocations required pursuant to this Agreement for the current and all prior Fiscal Years, being (as nearly as possible) equal to (x) the amount that would be distributed to the Member if the Company were to sell all of its assets at their current Gross Asset Value, pay all liabilities of the Company (limited, with respect any nonrecourse liabilities, to the value reflected in the Members' Capital Accounts for the assets securing such nonrecourse liabilities), and distribute the proceeds thereof in accordance with Section 13.3, minus (y) the Member's share of Company Minimum Gain and Member Nonrecourse Debt Minimum Gain.

4.2 SPECIAL ALLOCATIONS

4.2.1 MINIMUM GAIN CHARGEBACK

Except as otherwise provided in Treasury Regulations Section 1.704-2(f), notwithstanding any other provision of this Article IV, if there is a net decrease in Company Minimum Gain during any Fiscal Year, each Member shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Person's share of the net decrease in Company Minimum Gain, determined in accordance with Treasury Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Treasury Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 4.2.1 is intended to comply with the minimum gain chargeback requirement in Treasury Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

4.2.2 MEMBER MINIMUM GAIN CHARGEBACK

Except as otherwise provided in Treasury Regulations Section 1.704-2(i)(4), notwithstanding any other provision of this Article IV, if there is a net decrease in Member Nonrecourse Debt Minimum Gain attributable to a Member Nonrecourse Debt during any Fiscal Year, each Member who has a share of the Member Nonrecourse Debt Minimum Gain attributable to the Member Nonrecourse Debt, determined in accordance with Treasury Regulations Section 1.704-2(i)(5), will be specially allocated items of Company income and gain for the Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to the Member's share of the net decrease in Member Nonrecourse Debt Minimum Gain attributable to the Member Nonrecourse Debt, determined in accordance with Treasury Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence will be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated will be determined in accordance with Treasury Regulations Sections 1.704-2(i)(4) and 1.704-2(j)(2). This Section 4.2.2 is intended to comply with the minimum gain chargeback requirement in Treasury Regulations Section 1.704-2(i)(4) and will be interpreted consistently therewith.

4.2.3 QUALIFIED INCOME OFFSET

In the event any Member unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of Company income and gain shall be specially allocated to each such Member in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the negative Capital Account balance of such Member as quickly as possible, provided that an allocation pursuant to this Section 4.2.3 shall be made only if and to the extent that such Member would have a negative Capital Account balance after all other allocations provided for in this Article IV have been tentatively made as if this Section 4.2.3 were not in this Agreement.

4.2.4 GROSS INCOME ALLOCATION

In the event that any Member has an Adjusted Capital Account Deficit at the end of any Allocation Year, the Member will be allocated items of Company income and gain in the amount of the deficit as quickly as possible; provided that an allocation pursuant to this Section 4.2.4 will be made only if and to the extent that the Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article IV have been tentatively made as if Section 4.2.3 and this Section 4.2.4 were not in this Agreement.

4.2.5 NONRECOURSE DEDUCTIONS

Nonrecourse Deductions for any Fiscal Year will be specially allocated to the Members in proportion to their percentage interests in the Company.

4.2.6 MEMBER NONRECOURSE DEDUCTIONS

Any Member Nonrecourse Deductions for any Fiscal Year will be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which the Member Nonrecourse Deductions are attributable in accordance with Treasury Regulations Section 1.704-2(i)(1).

4.2.7 SECTION 754 ADJUSTMENT

To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(2) or (m)(4), to be taken into account in determining Capital Accounts, the amount of the adjustment to the Capital Accounts will be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis), and the gain or loss will be specially allocated to the Members in accordance with their interests in the Company in the event Regulations Section 1.704-1(b)(2)(iv)(m)(2) applies, or to the Member to whom the distribution was made in the event Regulations Section 1.704-1(b)(2)(iv)(m)(4) applies.

4.3 OTHER ALLOCATION RULES

(a) Net Income, Net Losses, and any other items of income, gain, loss, or deduction will be allocated to the Members pursuant to this Article IV as of the last day of each Fiscal Year; provided that Net Income, Net Losses, and such other items will also be allocated at such times as the Gross Asset Values of Company assets are adjusted pursuant to item (b) of the definition of "Gross Asset Value".

(b) For purposes of determining the Net Income, Net Losses, or any other items allocable to any period, Net Income, Net Losses, and any other items will be determined on a daily, monthly, or other basis, as determined by the Board of Managers using any permissible method under Code Section 706 and the Treasury Regulations thereunder.

(c) The Members are aware of the income tax consequences of the allocations made pursuant to this Article IV and agree to be bound by the provisions of this Article IV in reporting their shares of Company income and loss for income tax purposes.

(d) Solely for purposes of determining a Member's proportionate share of the "excess nonrecourse liabilities" of the Company relating to Company assets within the meaning of Treasury Regulations Section 1.752-3(a)(3), the Members' interests in Company profits will be equal to their percentage interests in the Company.

4.4 TAX ALLOCATIONS

4.4.1 IN GENERAL

Except as provided in Section 4.4.2, the income, gains, losses, deductions and credits of the Company will be allocated, for federal, state and local income tax purposes, among the Members in accordance with the allocation of such income, gains, losses, deductions and credits among the Members for computing their Capital Accounts; provided that if any such allocation is not permitted by the Code or other applicable law, the Company's subsequent income, gains, losses, deductions and credits will be allocated among the Members so as to reflect as nearly as possible the allocation set forth herein in computing their Capital Accounts.

4.4.2 CONTRIBUTED PROPERTY

Items of Company taxable income, gain, loss and deduction with respect to any property contributed (or deemed contributed) to the capital of the Company shall be allocated among the Members in accordance with the "remedial method" under Code Section 704(c) and Treasury Regulations Section 1.704-3(d) so as to take account of any variation between the adjusted basis of such property to the

Company for federal income tax purposes and its Gross Asset Value. If the Gross Asset Value of any Company asset is adjusted pursuant to the requirements of Treasury Regulation Section 1.704-l(b)(2)(iv)(e) or (f), subsequent allocations of items of taxable income, gain, loss and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c).

ARTICLE V
DISTRIBUTIONS

5.1 TIMING OF DISTRIBUTIONS

Except as otherwise provided in Section 5.2 or in Section 13.3 in connection with the liquidation of the Company, Cash Available for Distribution shall be distributed in such amounts and at such times as determined with the Board of Managers and the Series A Preferred Member; provided, that if any Cash Available for Distribution is distributed, it shall be distributed to the Members as follows:

(i) First, to the Series A Preferred Member until the Series A Preferred Member has received an amount equal to 4.5% interest per annum, compounded monthly, on its initial Capital Account balance, until fully paid (the ***"Preferred Return"***);

(ii) Second, to the Series A Preferred Member until the Series A Preferred Member has received an amount equal to its initial Capital Account balance; and

(ii) Third, to the Common Members in proportion to their respective Common Percentage Interests of Common Units.

5.2 TAX DISTRIBUTIONS

Notwithstanding any limitations provided elsewhere in this Agreement, the Company shall distribute to all Members in cash the Estimated Tax Amount within 90 days after the close of each Fiscal Year, unless the Board of Managers determines that such distributions would render the Company insolvent or would otherwise be materially adverse to the Company. Tax distributions pursuant to this Section 5.3 shall be made to the Members pro rata in the proportions in which taxable income for such Fiscal Year has been allocated to them, and shall be considered an advance against amounts otherwise distributable to them pursuant to Sections 5.1 and 13.3.

5.3 DISTRIBUTIONS IN KIND

Subject to Section 5.1 hereof, with the approval by the Board of Managers, the Series A Preferred Member and Majority Approval of the Common Members, the Board may distribute Company assets in kind and the distribution of any such assets in kind shall be made on the basis of the fair market values thereof on the date of distribution and shall be made in the manner set forth in Section 5.1.

ARTICLE VI
MANAGEMENT AND CONTROL OF THE COMPANY

6.1 MANAGEMENT OF THE COMPANY BY BOARD OF MANAGERS

Subject to the provisions of this Agreement relating to actions to be approved by the Members, the business, property and affairs of the Company shall be managed and all powers of the Company shall be exercised by or under the direction of a Board of Managers (the ***"Board"***).

6.2 MEMBER NOT AN AGENT OF THE COMPANY

Pursuant to Section 6.1, the management of the Company is vested in the Board. The Members shall have no power to participate in the management of the Company except as expressly authorized by this Agreement or the Articles and except as expressly required by the Act. A Member, acting solely in the capacity of the Member, is not an agent of the Company nor does the Member, unless expressly and duly authorized in writing to do so by the Board, have any power or authority to bind or act on behalf of the Company in any way, to pledge its credit, to execute any instrument on its behalf or to render it liable for any purpose.

6.3 ELECTION OF BOARD OF MANAGERS

(a) Number of Managers. The number of Managers of the Company shall initially be fixed at three (3).

(b) Appointment of Managers. The Managers shall be appointed by the Members as follows:

(i) The Series A Preferred Member shall be entitled to appoint one (1) Manager to the Board, initially __________;

(i) The Common Members shall be entitled, by a Majority Approval of the Common Members, to appoint one (1) Manager to the Board; and

(ii) The President of the Company shall be the third Manager, initially, Billow.

(c) Term of Managers. Each Manager shall serve until the earlier of (i) the removal of such Manager in accordance with this Agreement, (ii) such Manager's resignation, or (iii) such Manager's death. A Manager may, but need not be, a Member.

(d) Removal. A Manager may be removed at any time, with or without cause, by the written consent and in the sole discretion of the Members or Managers that appointed or have the right to appoint such Manager. In the event that there is no Series A Preferred Member remaining, any Manager appointed by the Series A Preferred Member shall be removed from the Board and no new Manger shall be appointed in his or her place.

(e) Resignation. A Manager may resign at any time by giving written notice to the Board. The resignation of a Manager shall take effect upon receipt of that notice or at such later time as shall be specified in the notice. Unless otherwise specified in the notice, the acceptance of the resignation shall not be necessary to make it effective.

(f) Vacancies. Any vacancy occurring on the Board shall be filled by the Members or Managers that appointed or have the right to appoint such Manager. If a vacancy occurs on the Board, notices to any Manager required under this Agreement shall be made to the Members entitled to appoint such Manager.

6.4 MEETINGS OF THE BOARD

(a) Frequency. Meetings of the Board shall be held at such times and places as approved by a Majority Vote of the Managers.

(b) Notice of Meetings. It shall be reasonable and sufficient notice to a Manager to send notice by overnight delivery at least 48 hours or by facsimile at least 24 hours before the meeting addressed to such Manager at such Manager's usual or last known business or residence address or to give notice to such Manager in person or by telephone at least 24 hours before the meeting. Notice of a meeting need not be given to any Manager if a written waiver of notice, executed by such Manager before or after the meeting, is filed with the records of the meeting, or to any Manager who attends the meeting without protesting prior thereto or at its commencement the lack of notice to such Manager. Neither notice of a meeting nor a waiver of a notice need specify the purposes of the meeting.

(c) Meetings By Communications Equipment. A Manager may participate in a meeting of the Board by, or conduct the meeting through the use of, any means of communication by which all Managers participating in the meeting can hear each other during the meeting. Participation by such means shall constitute presence in person at a meeting.

(d) Quorum. A majority of the number of Managers comprising the Board at any given time shall constitute a quorum for the transaction of business at any Board meeting, provided that if action is to be taken on any matter set forth in Section 6.6 below such majority consists of both a Manager appointed by the Series A Preferred Members and a Manager appointed by the Common Members. If less than a quorum is present at a meeting, the meeting shall be adjourned without further notice.

(e) Manner of Acting. Except as otherwise specifically provided in this Agreement, if a quorum is present at a Board meeting when a vote is taken, the act of a Majority Vote of the Managers shall be the act of the Board.

(f) Action by Managers Without A Meeting. Any action that could be taken at a meeting of the Board may be taken without a meeting if one or more written consents setting forth the action so taken are signed by all of the Managers either before or after the action is taken and delivered to the Company. Action taken by the unanimous written consent of Managers without a meeting is effective when the last Manager signs the consent, unless the consent specifies a later effective date.

6.5 AUTHORITY OF BOARD OF MANAGERS

Subject to the delegation of authority to designated Managers and Officers, the Board shall be vested with complete management and control of the business of the Company. Except as otherwise provided herein, the Board shall have the power and authority to do all things necessary or proper to carry out the purposes of the Company. Each Manager shall be authorized to execute instruments, documents, agreements, contracts and other undertakings on behalf and in the name of the Company that have been approved by the Board, and parties dealing with the Company shall be entitled to rely on the authority of such a Manager to execute such documents on behalf of the Company.

6.6 LIMITATION ON AUTHORITY OF BOARD

Notwithstanding the provisions of Section 6.5, the Company shall not do any of the following without the written consent of the Series A Preferred Member and a Majority Approval of the Common Members:

(i) Alter or change the rights, preferences or privileges of the Series A Preferred Units;

(ii) Increase or decrease the number of authorized Series A Preferred Units or increase the number of Units reserved under a Unit Plan;

(iii) Authorize the issuance of securities having a preference over or on a par with the Series A Preferred Units;

(iv) Except as permitted by this Agreement, redeem, repurchase or otherwise acquire any equity interests in the Company;

(v) Amend this Agreement or the Articles;

(iii) Except as permitted under a Unit Plan and grants approved under such plan as approved by the Board of Managers, authorize the issuance of any additional Common Units (or equivalents thereof) to employees, officers, directors, Managers or Members;

(iv) Approve a consolidation or merger or a sale of all, substantially all, or a significant portion of the assets of the Company, or recapitalize, liquidate or dissolve the Company;

(v) Change the number of authorized Managers; or

(vi) Dissolution or winding up of the Company, or conversion of the Company to another business entity.

6.7 PERFORMANCE OF DUTIES; LIABILITY OF MANAGER; FIDUCIARY STANDARD

A Manager shall not be liable to the Company or to the Members for any loss or damage sustained by the Company or the Members, unless the loss or damage shall have been the result of fraud, deceit, gross negligence, reckless or intentional misconduct, or a knowing violation of law by the Manager. A Manager shall perform its managerial duties in good faith, in a manner it reasonably believes to be in the best interests of the Company and the Members, and with such care as an ordinarily prudent Person in a like position would use under similar circumstances. Provided a Manager performs the duties of Manager in compliance with this Section 6.7, a Manager shall not have any liability by reason of being or having been a Manager of the Company.

6.8 LIMITED LIABILITY

A Manager shall not be personally liable under any judgment of a court, or in any other manner, for any debt, obligation, or liability of the Company, whether that liability or obligation arises in contract, tort, or otherwise, solely by reason of being the Manager.

6.9 OFFICERS

The Board is authorized to appoint one or more Officers from time to time, including a President. The Officers shall hold office until their successors are chosen and qualified. Subject to any employment agreement entered into between the Officer and the Company, an Officer shall serve at the pleasure of the Board. The current Officers are listed on Exhibit A, attached hereto.

ARTICLE VII
RIGHTS AND OBLIGATIONS OF MEMBERS

7.1 VOTING RIGHTS OF MEMBERS

On matters set forth in this Agreement or in the Act requiring a vote of the Members, except as otherwise provided in this Agreement, each Member shall have one vote per Unit owned by such Member.

7.2 LIMITED LIABILITY

The Members shall not be personally liable for any indebtedness, obligations or loss of the Company in excess of the amount of their Capital Contributions to the Company plus an amount equal to their share of undistributed profits of the Company, if any, plus an amount equal to any distributions wrongfully made to the Members required to be returned pursuant to the Act or other applicable law. All Persons dealing with the Company shall have recourse solely to the assets of the Company for payment of the debts, obligations or liabilities of the Company.

7.3 ACTION BY MEMBERS WITHOUT A MEETING

Any action that could be taken at a meeting of the Members may be taken without a meeting if one or more written consents setting forth the action so taken are signed by Members holding the necessary number and Class or Classes of Units to give effect to such action as required under this Agreement or the Act in Person or by proxy.

7.4 GRANT OF PROXY AUTHORIZED

For any matter on which a Member is entitled to vote, the Member may vote by proxy executed in writing by the Member or by its attorney-in-fact or agent. A proxy shall become invalid 12 months after the date of its execution, unless otherwise provided in the proxy.

ARTICLE VIII
DISSOCIATION OF A MEMBER

14.1 DISSOCIATION

A Member will dissociate from the Company upon the occurrence of any of the events specified in Section 17706.02 of the Act or the Member's Bankruptcy; provided, however, a Member's dissociation from the Company without the consent of the Board of Managers, which consent may be withheld or conditioned in its sole discretion, will be a breach of this Agreement and constitute a wrongful withdraw of such Member to the fullest extent permitted under the Act.

10.2 CONSEQUENCES OF DISSOCIATION

If a Member dissociates from the Company before the dissolution and liquidation of the Company, the following will apply:

(a) The Member will be treated as a mere creditor of the Company from the date of dissociation until the Member has received all distributions to which the Person is or may be due under this Agreement and the Act.

(b) The dissociated Member shall be entitled only to the economic rights associated with the Member's Units and will continue to be subject to any restrictions on transfer set forth in this Agreement.

(c) If the dissociation is wrongful within the meaning of Section 17706.01(b) of the Act, the dissociating Member will be liable to the Company and the other Members to the fullest extent permitted under the Act.

(d) Any indebtedness or other amounts due to the Company from such dissociating Member will become immediately due upon the dissociation.

ARTICLE IX
[RESERVED]

ARTICLE X
INDEMNIFICATION

10.1 LIMITATION ON LIABILITY

No Member, Officer, unitholder, employee or agent thereof, or Officer, employee or agent of the Company shall be liable, responsible or accountable in damages or otherwise to the Company or any Member for any act or omission by any such Person or by any employee or other agent of the Company if such Person acted in good faith and in a manner in which he, she or it believed to be in the best interests of the Company unless such conduct constitutes fraud, gross negligence, willful misconduct or a material breach of this Agreement.

10.2 INDEMNIFICATION

To the fullest extent not prohibited by law, the Company shall indemnify and hold harmless each Member (including the "tax matters partner" in such Member's capacity as such) each officer, unitholder, employee or agent thereof, and each Manager, Officer, employee or agent of the Company from and against any and all losses, claims, demands, costs, damages, liabilities (joint and several), expenses of any nature (including attorneys' fees and disbursements), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, in which such Person may be involved or threatened to be involved, as a party or otherwise, arising out of or incidental to any business of the Company transacted or occurring while such Person was a Member, Officer, Manager, unitholder, employee or agent thereof, or Officer, employee or agent of the Company regardless of whether such Person continues in such capacity at the time any such liability or expense is paid or incurred, except for fraud, willful misconduct, bad faith or gross negligence on the part of such Person. The indemnification provided by this Section 10.2 shall be in addition to any other rights to which those indemnified may be entitled under any agreement, as a matter of law or equity, or otherwise, and shall continue as to a Person who has ceased to serve in their capacity, and shall inure to the benefit of the heirs, successors, assigns and administrators of the Person so indemnified. With respect to the satisfaction of any indemnification of the above-mentioned Persons, only assets of the Company shall be available therefore and no Member or Manager or Officer shall have any personal liability therefore. Any indemnification required hereunder to be made by the Company shall be made promptly as the liability, loss, damage, cost or expense is incurred or suffered. The Members may establish reasonable procedures for the submission of claims for indemnification pursuant to this Section 10.2, determination of the entitlement of any Person thereto, and review of any such determination.

10.3 ADVANCEMENT OF EXPENSES

The right to indemnification conferred in this Article IX shall include the right to be paid by the Company the expenses incurred in defending any proceeding in advance of its final disposition (hereinafter an "advancement of expenses"). An advancement of expenses shall be made upon delivery to the Company of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such indemnitee is not entitled to be indemnified for such expenses under this Section 10.3.

ARTICLE XI
TAX MATTERS

11.1 TAX MATTERS MEMBER

The Series A Preferred Member shall act as tax matters member of the Company to represent the Company (at the Company's expense) in connection with all examinations of the Company's affairs by tax authorities and to expend Company funds for professional services and costs associated therewith.

11.2 PARTNERSHIP REPRESENTATIVE

(a) For all Fiscal Years beginning on or after January 1, 2018, the Series A Preferred Member shall be designated as the "partnership representative" (the ***"Partnership Representative"***), as defined in Code Section 6223 (as in effect following the effective date of its amendment by Section 1101 of H.R. 1314, the ***"Bipartisan Budget Act of 2015"***), and the Company and the Members shall complete any necessary actions (including executing any required certificates or other documents) to effect such designation. Upon the termination of the Series A Preferred Member's interest in the Company in accordance with Section 3.2(b), or its earlier resignation as Partnership Representative, the Board of Managers shall appoint a replacement Partnership Representative.

(b) The Partnership Representative may make any elections available to be made as a partnership representative under the Code, including, without limitation, the election described in Code Section 6226(a)(1) (as in effect following the effective date of its amendment by Section 1101 of the Bipartisan Budget Act of 2015).

(c) If the Company becomes liable for any taxes, interest or penalties under Code Section 6225, (a) each Person that was a Member of the Company for the taxable year to which such liability relates shall indemnify, defend and hold harmless the Company for such Person's allocable share of the amount of such tax liability, including any interest and penalties associated therewith, (b) the Board of Managers may cause the Members (including any former Member) to whom such liability relates to pay, and each such Member hereby agrees to pay, such amount to the Company, and such amount shall not be treated as a Capital Contribution, and (c) without reduction to a Member's (or former Member's) obligations under this Section 11.2, any amount paid by the Company that is attributable to a Member, and that is not paid by such Member pursuant to clause (b) above, shall be treated for purposes of this Agreement as (A) a distribution to such Member under Section 4.1 and Section 13.3, and (B) a reduction to such Member's Capital Account balance.

ARTICLE XII
BOOKS, RECORDS, AND BANK ACCOUNTS

12.1 BOOKS AND RECORDS

(a) The Company shall maintain with its books and records the following: (i) a current list of the full name and last known address of each Member and each member on the Board of Managers; (ii) a copy of the Articles, and all certificates or amendments thereto, together with executed copies of any powers of attorney pursuant to which any Articles has been executed; (iii) copies of the Company's federal, state and local tax and information returns and reports, if any, for the six most recent Fiscal Years; (iv) copies of this Agreement and any amendments thereto, together with executed copies of any powers of attorney pursuant to which any agreement or amendments have been executed; (v) copies of all financial statements for the Company for the three most recent Fiscal Years; (vi) information regarding the amount of cash and a description and statement of the agreed value of any other property or services contributed by each Member and which each Member has agreed to contribute in the future, and the date on which each Member became a Member of the Company; and (vii) the books and records of the Company as they related to the internal affairs of the Company for at least the current and past four Fiscal Years.

(b) The Company shall provide to each Member the Company's tax return and Schedule K-1 for such Member for each Fiscal Year, and such other information as may be necessary for the preparation of each such Member's United States federal and state income tax returns, and the Company shall use commercially reasonable efforts to provide such documents within 90 days after the end of each Fiscal Year.

12.2 CAPITAL ACCOUNTS AND TAXABLE YEAR

The Company shall keep books and records for the Capital Account of each Member maintained as provided in the definition of "Capital Account" set forth in Section 1.1 and for federal income tax purposes in accordance with tax accounting principles. For federal income tax purposes, the tax year of the Company shall be the calendar year unless a different taxable year is required by the Code.

12.3 [RESERVED]

12.4 BANK ACCOUNTS

The Company shall be responsible for causing one or more accounts to be maintained in a bank (or banks), which accounts shall be used for the payment of expenditures incurred in connection with the business of the Company, and in which shall be deposited any and all cash receipts. All such amounts shall be received, held and disbursed by the Company for the purposes specified in this Agreement. There shall not be deposited in any of such accounts any funds other than funds belonging to the Company, and no other funds shall in any way be commingled with such funds.

ARTICLE XIII
DISSOLUTION AND LIQUIDATION

13.1 EVENTS OF DISSOLUTION

The Company shall be dissolved:

(a) by a Majority Approval of the Common Members and the written consent of Series A Preferred Member; or

(b) upon the completion of the sale of all or substantially all of the assets of the Company.

The death, retirement, resignation, expulsion, bankruptcy or dissolution of any Member or the occurrence of any other event that terminates the continued membership of any Member shall not cause the Company to be dissolved or its affairs to be wound up, and upon the occurrence of any such event, the Company shall be continued without dissolution.

13.2 EFFECT OF DISSOLUTION

Dissolution of the Company shall be effective on the date on which the event occurs giving rise to the dissolution, but the Company shall not terminate until the Articles are canceled and the assets of the Company are distributed as provided herein. Notwithstanding the dissolution of the Company, prior to the termination of the Company, the business of the Company and the affairs of the Members, as such, shall continue to be governed by this Agreement. Upon dissolution, the Board shall liquidate the assets of the Company, apply and distribute the proceeds thereof as contemplated by this Agreement, and cause the cancellation of the Articles.

13.3 DISTRIBUTIONS UPON LIQUIDATION

(a) Upon a dissolution of the Company or other Liquidation Event, the Board or agent designated by the Board shall take full account of the Company liabilities and Company property and the Company property shall be liquidated as promptly as is consistent with obtaining the fair market value there, and the proceeds therefrom, to the extent sufficient therefore and in accordance with the Act, shall be applied and distributed in the following order and priority:

(b) The net cash proceeds resulting from a Liquidation Event shall be distributed and applied in the following order of priority:

(i) to the payment of the expenses of liquidation and the debts and liabilities of the Company then due;

(ii) to the setting up of any reserves that the Members determine are reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company;

(iii) to the holders of Series A Preferred Units until the Series A Preferred Member has received an amount equal to its initial Capital Account on the Effective Date, plus the Preferred Return. If the assets and funds available for distribution to the holder of Series A Preferred Units shall be insufficient to pay the stated preferential amounts of this subsection (iii) in full, then the entire remaining assets and funds of the Company legally available for distribution, after the payment or provision of the amounts set forth in subsections (i) through (ii) above, shall be distributed to the holder of Series A Preferred Units.

(iv) After payment in full of the amounts set forth in subparagraphs (i) through (iii) above, all remaining assets of the Company legally available for distribution shall be distributed ratably among the holders of Common Units.

(c) The value of any securities to be delivered to the Members pursuant to this Section 13.3 shall be determined as follows:

(i) If listed on a national securities exchange or the National Market System of the National Association of Securities Dealers, Inc., the value shall be deemed to be the average of the closing prices of the securities on such exchange over the thirty day period ending two days prior to the closing;

(ii) If actively traded over the counter, the value shall be deemed to be the average of the closing bid prices over the thirty day period ending three days prior to the closing; and

(iii) If there is no active public market, the value shall be the fair market value thereof in such manner which remains in compliance with Internal Revenue Code Section 409(a)

13.4 DEFICIT CAPITAL ACCOUNTS

Notwithstanding anything to the contrary contained in this Agreement, and notwithstanding any custom or rule of law to the contrary, to the extent that the deficit, if any, in the Capital Account of any Member results from or is attributable to deductions and losses of the Company (including non-cash items such as depreciation), or distributions of assets pursuant to this Agreement to all Members, upon dissolution of the Company such deficit shall not be an asset of the Company and such Members shall not be obligated to contribute such amount to the Company to bring the balance of such Member's Capital Account to zero.

ARTICLE XIV
MISCELLANEOUS

14.1 NOTICES

Any and all notices, elections or demands permitted or required to be made under this Agreement to the Company or any Member shall be in writing, signed by the Person giving such notice, election or demand, and delivered personally, sent by confirmed facsimile or electronic transmission or sent by certified mail, return receipt requested. All notices to the Company shall be sent to the attention of the President at the principal office of the Company, or at such other address as the Company may designate by reasonable advance written notice to the other parties hereto. All notices to any Member shall be sent to such Member at the address as set forth on the signature page attached hereto for the Series A Preferred Member and Schedule I hereto for the Common Members, as applicable, or at such other address as the Member may designate by reasonable advance written notice to the other parties hereto. The date of personal delivery, the date the certified facsimile or electronic transmission is sent to the recipient, or three Business Days after the date of mailing, as the case may be, shall be the date of such notice.

14.2 SUCCESSORS AND ASSIGNS

Subject to the restrictions on Transfer set forth herein, this Agreement shall be binding upon and shall inure to the benefit of the Members, their respective successors, heirs, successors-in-title and assignees, and each successor-in-interest to any Member, whether such successor acquires such interest by way of gift, purchase, foreclosure or by any other method, shall hold such interest subject to all the terms and provisions of this Agreement.

14.3 NO WAIVER

The failure of any Member to insist on strict performance of any provision of this Agreement, irrespective of the length of time for which such failure continues, shall not be a waiver of such Member's right to demand strict compliance in the future. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation hereunder shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation.

14.4 SIGNATURES

Each Member shall become a signatory hereof by signing, directly or by an attorney-in-fact, (i) such number of counterpart signature pages to this Agreement or (ii) a subscription agreement which shall be treated as an addendum and amendment to this Agreement, and such other instrument or instruments, and in such manner and at such time, as the Members shall determine. By so signing, each Member shall be deemed to have adopted, and to have agreed to be bound by, all the provisions of this Agreement, as amended from time to time in accordance with the provisions of this Agreement.

14.5 AMENDMENT TO AGREEMENT; CONSENT RIGHTS OF COMMON MEMBERS

(a) If this Agreement shall be amended as a result of adding or substituting a Member as permitted hereunder, the amendment to this Agreement shall be signed by the Company and by the Person to be substituted or added.

(b) In addition to any amendments otherwise authorized herein, amendments may be made to this Agreement from time to time with the consent of (i) a Majority Approval of the Common Members and (ii) the Series A Preferred Member; provided, however, that without the consent of the Members to be adversely affected by the amendment, this Agreement may not be amended so as to (i) modify the limited liability of any Member; (ii) alter the interest of any Member in distributions or allocations of Net Income, Net Losses or other items of Company income, gain, loss or deduction; or (iii) otherwise materially adversely affect the rights, preferences, privileges or economic interests of any Member hereunder.

14.6 COUNTERPARTS

This Agreement may be executed in any number of counterparts, all of which together shall for all purposes constitute one agreement, binding on all the Members, notwithstanding that all the Members have not signed the same counterpart.

14.7 APPLICABLE LAW AND JURISDICTION

This Agreement and the rights and obligations of the parties hereunder shall be governed by and interpreted, construed and enforced in accordance with the laws of the State of California (regardless of the choice of law principles of the State of California or of any other jurisdiction). Each of the parties hereby irrevocably submits to the non-exclusive jurisdiction of the Circuit Court of the State of Oregon for Multnomah County and the United States District Court for the District of Oregon located in Multnomah County, Oregon, in connection with any litigation arising under this Agreement. Each party waives and will not assert as a defense in the litigation that (i) it is not subject to the jurisdiction of the court; (ii) the litigation cannot be brought or maintained in that court; (iii) the venue is not appropriate; or (iv) this Agreement may not be enforced in or by that court.

14.8 ENTIRE AGREEMENT; NO THIRD PARTY BENEFICIARIES

The terms set forth in this Agreement (including the Schedules hereto) are intended by the parties as a final, complete and exclusive expression of the terms of their agreement with respect to the transactions contemplated by this Agreement and may not be contradicted, explained or supplemented by evidence of any prior agreement, any contemporaneous oral agreement or any inconsistent additional terms. There are no restrictions, promises, representations, warranties, covenants or undertakings, other than those expressly set forth or referred to herein. This Agreement is not intended to confer upon any Person other than the parties hereto any rights or remedies hereunder.

14.9 SEVERABILITY

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned hereby executes this Agreement as of the date first set forth above.

BILLOW:

____

Jon Billow
Address: ____________________
____
____

SERIES A PREFERRED MEMBER:

PSA 9, LLC

By:______________________________
Name:____________________________
Title:_____________________________

Address: ____________________
____
____

CREDITORS:

[INSERT NAME]

____

Address:
____
____

SCHEDULE I

COMMON MEMBERS

Non-Creditors

Name & Address	Common Units
Jon Billow	500

Creditors

Name & Address	Common Units

EXHIBIT A

OFFICERS

Name	Title
Jon Billow	**President**

EXHIBIT B

CONVERTED INDEBTEDNESS

INDEBTEDNESS

Creditor	**$ amount converted**	**# of Common Units**	**Initial Capital Account Value as of April 1, 2017***
Example creditor	**$20,000**	**200**	**$298.00**

Total Allowed Claims indebtedness converted ($):

Total Common Units:

***Based on valuation of the Company as of April 1, 2017**

EXHIBIT C

CONSENT OF SPOUSE

I, ________________________, spouse of ______________________________, acknowledge that I have read the AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT of Peak Web LLC (the "Company") (the "Operating Agreement"), to which this Consent is attached as Exhibit C and that I know the contents of the Operating Agreement. I hereby agree that any interest I may have in the Units, including any community property interest in the Units, will be irrevocably subject to the terms of the Operating Agreement.

I am aware that the legal, financial and related matters contained in the Operating Agreement and in this Consent are complex and that I am free to seek independent professional guidance or counsel with respect to this Consent. I have either sought such guidance or counsel or determined after reviewing the Operating Agreement carefully that I will waive such right.

DATED: ___________, 2017.

____

(Print Name)

Exhibit 2
Projected Income Statement

	April to Dec 2017	2018	2019	2020	Jan to June 2021	April to Dec 2017	2018	2019	2020	Jan to June 2021
Revenue										
Consulting	$3,456,000	$6,120,000	$7,146,000	$7,541,600	$3,879,000	100.0%	100.0%	100.0%	100.0%	100.0%
Total Revenue	**$3,456,000**	**$6,120,000**	**$7,146,000**	**$7,541,600**	**$3,879,000**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Cost of Goods Sold										
Salaries	$1,537,500	$2,987,500	$3,375,000	$3,525,000	$1,800,000	44.5%	48.8%	47.2%	46.7%	46.4%
Payroll Taxes	$151,375	$302,375	$342,500	$317,250	$162,000	4.4%	4.9%	4.8%	4.2%	4.2%
Benefits	$235,200	$467,075	$549,150	$598,238	$315,000	6.8%	7.6%	7.7%	7.9%	8.1%
Contractor - Wheeler	$153,000	$204,000	$204,000	$204,000	$102,000	4.4%	3.3%	2.9%	2.7%	2.6%
Contractor - Heck	$126,000	$168,000	$168,000	$168,000	$84,000	3.6%	2.7%	2.4%	2.2%	2.2%
Contractor - Other	$36,000	$48,000	$48,000	$48,000	$24,000	1.0%	0.8%	0.7%	0.6%	0.6%
Total COGS	**$2,239,075**	**$4,176,950**	**$4,686,650**	**$4,860,488**	**$2,487,000**	**64.8%**	**68.3%**	**65.6%**	**64.4%**	**64.1%**
Gross Margin	**$1,216,925**	**$1,943,050**	**$2,459,350**	**$2,681,113**	**$1,392,000**	**35.2%**	**31.7%**	**34.4%**	**35.6%**	**35.9%**
Operating Expenses										
Salaries	$664,026	$811,505	$801,154	$816,454	$413,691	19.2%	13.3%	11.2%	10.8%	10.7%
Payroll Taxes	$66,422	$82,229	$81,424	$73,481	$37,232	1.9%	1.3%	1.1%	1.0%	1.0%
Benefits	$93,281	$119,531	$125,156	$130,781	$67,500	2.7%	2.0%	1.8%	1.7%	1.7%
Recruiting	$40,000	$32,000	$8,000	$8,000	$0	1.2%	0.5%	0.1%	0.1%	0.0%
Office Rent	$18,900	$25,200	$25,200	$25,200	$12,600	0.5%	0.4%	0.4%	0.3%	0.3%
Intermedia / Email	$6,750	$9,000	$9,000	$9,000	$4,500	0.2%	0.1%	0.1%	0.1%	0.1%
Vonage	$4,500	$9,000	$15,000	$15,000	$7,500	0.1%	0.1%	0.2%	0.2%	0.2%
Verizon	$8,000	$12,000	$18,000	$18,000	$12,000	0.2%	0.2%	0.3%	0.2%	0.3%
Business Insurance	$23,375	$32,419	$34,040	$35,742	$18,385	0.7%	0.5%	0.5%	0.5%	0.5%
Travel & Entertainment	$53,000	$108,000	$144,000	$144,000	$90,000	1.5%	1.8%	2.0%	1.9%	2.3%
Bank Fees	$5,400	$7,200	$7,200	$7,200	$3,600	0.2%	0.1%	0.1%	0.1%	0.1%
Staff Eng Expenses	$15,300	$19,440	$19,440	$19,440	$9,720	0.4%	0.3%	0.3%	0.3%	0.3%
Misc Expense	$13,500	$34,000	$70,000	$92,000	$48,000	0.4%	0.6%	1.0%	1.2%	1.2%
Total Operating Expenses	**$1,012,454**	**$1,301,524**	**$1,357,614**	**$1,394,298**	**$724,728**	**29.3%**	**21.3%**	**19.0%**	**18.5%**	**18.7%**
Net Operating Income	**$204,471**	**$641,526**	**$1,101,736**	**$1,286,815**	**$667,272**	**5.9%**	**10.5%**	**15.4%**	**17.1%**	**17.2%**
Non-Operating Expenses										
Interest on Taxes - Secured	$880	$956	$679	$366	$38	0.0%	0.0%	0.0%	0.0%	0.0%
Interest on Taxes - Priority	$6,142	$6,814	$4,962	$2,747	$292	0.2%	0.1%	0.1%	0.0%	0.0%
Interest on BOW Debt	$27,110	$33,302	$22,148	$9,993	$534	0.8%	0.5%	0.3%	0.1%	0.0%
Data Sales	$338	$396	$183	$10	$0	0.0%	0.0%	0.0%	0.0%	0.0%
Huntington	$152	$178	$82	$4	$0	0.0%	0.0%	0.0%	0.0%	0.0%
US Bank	$101	$119	$55	$3	$0	0.0%	0.0%	0.0%	0.0%	0.0%
Depreciation	$13,500	$18,000	$18,000	$18,000	$9,000	0.4%	0.3%	0.3%	0.2%	0.2%
Total Non-Operating Expenses	**$48,223**	**$59,765**	**$46,109**	**$31,124**	**$9,864**	**1.4%**	**1.0%**	**0.6%**	**0.4%**	**0.3%**
Pretax Income	$156,248	**$581,760**	**$1,055,627**	**$1,255,691**	**$657,408**	**4.5%**	**9.5%**	**14.8%**	**16.7%**	**16.9%**
Taxes at 25%	($39,062)	($145,440)	($263,907)	($313,923)	($164,352)	-1.1%	-2.4%	-3.7%	-4.2%	-4.2%
Net Income	**$117,186**	**$436,320**	**$791,720**	**$941,768**	**$493,056**	**3.4%**	**7.1%**	**11.1%**	**12.5%**	**12.7%**

Exhibit 2
Projected Balance Sheet

	Year End				June 30,	Percentage				
Current Assets	**2017**	**2018**	**2019**	**2020**	**2021**	**2017**	**2018**	**2019**	**2020**	**2021**
Current Assets										
Cash	$500,498	$523,649	$782,158	$1,099,775	$1,339,328	23.3%	22.0%	29.0%	36.0%	40.5%
Accounts Receivable	$627,097	$836,129	$888,387	$929,323	$945,001	29.1%	35.1%	33.0%	30.4%	28.6%
Other Current Assets	$0	$0	$0	$0	$0	0.0%	0.0%	0.0%	0.0%	0.0%
Legal Retainers	-$0	-$0	-$0	-$0	-$0	0.0%	0.0%	0.0%	0.0%	0.0%
Goodwill	$955,643	$955,643	$955,643	$955,643	$955,643	44.4%	40.1%	35.5%	31.3%	28.9%
Total Current Assets	**$2,083,237**	**$2,315,421**	**$2,626,188**	**$2,984,741**	**$3,239,971**	**96.8%**	**97.1%**	**97.5%**	**97.8%**	**97.9%**
Fixed Assets										
Computer Equipment	$31,100	$31,100	$31,100	$31,100	$31,100	1.4%	1.3%	1.2%	1.0%	0.9%
Vehicles	$37,240	$37,240	$37,240	$37,240	$37,240	1.7%	1.6%	1.4%	1.2%	1.1%
Capital Expenditures	$15,000	$33,000	$51,000	$69,000	$78,000	0.7%	1.4%	1.9%	2.3%	2.4%
Total Fixed Assets	**$83,340**	**$101,340**	**$119,340**	**$137,340**	**$146,340**	**3.9%**	**4.3%**	**4.4%**	**4.5%**	**4.4%**
Less Accumulated Depreciation	-$15,000	-$33,000	-$51,000	-$69,000	-$78,000	-0.7%	-1.4%	-1.9%	-2.3%	-2.4%
Net Fixed Assets	**$68,339**	**$68,339**	**$68,339**	**$68,339**	**$68,339**	**3.2%**	**2.9%**	**2.5%**	**2.2%**	**2.1%**
Total Assets	**$2,151,577**	**$2,383,761**	**$2,694,528**	**$3,053,080**	**$3,308,311**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Liabilities										
Accrued Admin Professional Fees	$494,978	$494,978	$494,978	$494,978	$494,978	23.0%	20.8%	18.4%	16.2%	15.0%
De Minimus Creditors @ 25%	$16,886	$0	$0	$0	$0	0.8%	0.0%	0.0%	0.0%	0.0%
Admin Expenses / Leases	$0	$0	$0	$0	$0	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts Payable	$190,014	$237,797	$246,964	$256,979	$258,126	8.8%	10.0%	9.2%	8.4%	7.8%
Taxes Payable - Secured	$8,951	$6,763	$4,297	$1,519	$0	0.4%	0.3%	0.2%	0.0%	0.0%
Taxes Payable - Priority	$42,057	$32,588	$21,267	$7,731	$0	2.0%	1.4%	0.8%	0.3%	0.0%
Data Sales	$10,000	$6,355	$1,300	$0	$0	0.5%	0.3%	0.0%	0.0%	0.0%
Huntington	$4,500	$2,860	$585	$0	$0	0.2%	0.1%	0.0%	0.0%	0.0%
Payment of Priority Tax Princ	$3,000	$1,906	$390	$0	$0	0.1%	0.1%	0.0%	0.0%	0.0%
Long Term BOW Note	$803,249	$612,467	$347,885	$71,148	$0	37.3%	25.7%	12.9%	2.3%	0.0%
Total Liabilities	**$1,573,635**	**$1,395,714**	**$1,117,665**	**$832,355**	**$753,104**	**73.1%**	**58.6%**	**41.5%**	**27.3%**	**22.8%**
Equity										
Equity	$500,000	$500,000	$500,000	$500,000	$500,000	23.2%	21.0%	18.6%	16.4%	15.1%
Cumulative Distributions	$0	-$26,215	-$229,120	-$527,025	-$685,600	0.0%	-1.1%	-8.5%	-17.3%	-20.7%
Cumulative Net Income	$77,942	$514,262	$1,305,983	$2,247,751	$2,740,806	3.6%	21.6%	48.5%	73.6%	82.8%
Total Equity	**$577,942**	**$988,047**	**$1,576,863**	**$2,220,725**	**$2,555,206**	**26.9%**	**41.4%**	**58.5%**	**72.7%**	**77.2%**
Total Liabilities & Equity	**$2,151,577**	**$2,383,761**	**$2,694,528**	**$3,053,080**	**$3,308,311**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Comment

The actual amount of goodwill and opening equity balance will be adjusted if additional parties contribute equity.

Total cumulative distributions to general unsecured creditors are expected to be $891,930 including the payments through August 2021.

The opening cash balance includes cash to be received from Jeffrey Papen for payment of receivable due.

Exhibit 2
Projected Statement of Cash Flows

	Annual					Percentage of Revenue				
	Aprl to Dec 2017	2018	2019	2020	Jan to June 2021	Aprl to Dec 2017	2018	2019	2020	Jan to June 2021
Cash Flow from Operating Activities										
Operations										
Net Income	$117,186	$436,320	$791,720	$941,768	$493,056	3.4%	7.1%	11.1%	12.5%	12.7%
Add Depreciation	$13,500	$18,000	$18,000	$18,000	$9,000	0.4%	0.3%	0.3%	0.2%	0.2%
Operating Cash Flow	**$130,686**	**$454,320**	**$809,720**	**$959,768**	**$502,056**	**3.8%**	**7.4%**	**11.3%**	**12.7%**	**12.9%**
Working Capital (Change)										
Accounts Receivable	-$265,651	-$209,032	-$52,258	-$40,935	-$15,677	-7.7%	-3.4%	-0.7%	-0.5%	-0.4%
Other Current Assets	$0	$0	$0	$0	$0	0.0%	0.0%	0.0%	0.0%	0.0%
Accrued Admin Professional Fees	$0	$0	$0	$0	$0	0.0%	0.0%	0.0%	0.0%	0.0%
De Minimus Creditors @ 25%	$0	-$16,886	$0	$0	$0	0.0%	-0.3%	0.0%	0.0%	0.0%
Admin Expenses / Leases	-$100,000	$0	$0	$0	$0	-2.9%	0.0%	0.0%	0.0%	0.0%
Accounts Payable	$165,865	$47,783	$9,167	$10,015	$1,147	4.8%	0.8%	0.1%	0.1%	0.0%
Total Working Capital (Change	**-$199,785**	**-$178,135**	**-$43,091**	**-$30,920**	**-$14,530**	**-5.8%**	**-2.9%**	**-0.6%**	**-0.4%**	**-0.4%**
Total Cash Flow from Operating Activities	**-$69,099**	**$276,185**	**$766,629**	**$928,848**	**$487,526**	**-2.0%**	**4.5%**	**10.7%**	**12.3%**	**12.6%**
Cash Flow from Investing Activities										
Fixed Assets	-$13,500	-$18,000	-$18,000	-$18,000	-$9,000	-0.4%	-0.3%	-0.3%	-0.2%	-0.2%
Total Cash Flow from Investing Activities	**-$13,500**	**-$18,000**	**-$18,000**	**-$18,000**	**-$9,000**	**-0.4%**	**-0.3%**	**-0.3%**	**-0.2%**	**-0.2%**
Cash Flow from Financing Activities										
Distributions	$0	-$26,215	-$202,905	-$297,905	-$158,575	0.0%	-0.4%	-2.8%	-4.0%	-4.1%
Data Sales	$0	-$3,645	-$5,055	-$1,300	$0	0.0%	-0.1%	-0.1%	0.0%	0.0%
Huntington	$0	-$1,640	-$2,275	-$585	$0	0.0%	0.0%	0.0%	0.0%	0.0%
US Bank	$0	-$1,094	-$1,517	-$390	$0	0.0%	0.0%	0.0%	0.0%	0.0%
Payment of BOW Princ	$0	-$190,782	-$264,582	-$276,737	-$71,148	0.0%	-3.1%	-3.7%	-3.7%	-1.8%
Payment of Secured Tax Princ	-$1,478	-$2,188	-$2,466	-$2,778	-$1,519	0.0%	0.0%	0.0%	0.0%	0.0%
Payment of Priority Tax Princ	-$6,071	-$9,469	-$11,321	-$13,536	-$7,731	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%
Total Cash Flow from Financing Activities	-$7,548	-$235,034	-$490,120	-$593,231	-$238,973	**-0.2%**	**-3.8%**	**-6.9%**	**-7.9%**	**-6.2%**
Net Cash Flow	**-$90,148**	**$23,151**	**$258,509**	**$317,617**	**$239,553**	**-2.6%**	**0.4%**	**3.6%**	**4.2%**	**6.2%**
Cash Balance										
Beginning	$590,646	$500,498	$523,649	$782,158	$1,099,775					
Net Cash Flow	-$90,148	$23,151	$258,509	$317,617	$239,553					
Ending Cash	**$500,498**	**$523,649**	**$782,158**	**$1,099,775**	**$1,339,328**					

Exhibit 2
Projected Financial Statements
Calculation of Creditor Distributions

	2017	2018	2018	2019	2019	2020	2020	2021	Total
	April to Dec	Jan - Jun	Jul - Dec	Jan - Jun	Jul - Dec	Jan - Jun	Jul - Dec	Jan - Jun	
Net Income after taxes	**$117,186**	**$130,247**	**$306,073**	**$379,769**	**$411,951**	**$476,195**	**$465,573**	**$493,056**	**$2,780,050**
Add:									
Depreciation	$13,500	$9,000	$9,000	$9,000	$9,000	$9,000	$9,000	$9,000	**$76,500**
Amortization	$0	$0	$0	$0	$0	$0	$0	$0	**$0**
Accrued Federal Taxes	$39,062	$43,416	$102,024	$126,590	$137,317	$158,732	$155,191	$164,352	**$926,683**
Less									
Secured Debt Payment									
Data Sales	$0	($1,201)	($2,444)	($2,499)	($2,556)	($1,300)	$0	$0	**($10,000)**
Huntington	$0	($541)	($1,100)	($1,125)	($1,150)	($585)	$0	$0	**($4,500)**
US Bank	$0	($360)	($733)	($750)	($767)	($390)	$0	$0	**($3,000)**
Bank of the West	$0	($62,881)	($127,901)	($130,806)	($133,776)	($136,815)	($139,922)	($71,148)	**($803,249)**
Taxing Authorities Secured	($1,478)	($1,061)	($1,127)	($1,196)	($1,270)	($1,348)	($1,431)	($1,519)	**($10,429)**
Taxing Authorities Priority	($6,071)	($4,523)	($4,946)	($5,408)	($5,913)	($6,466)	($7,070)	($7,731)	**($48,128)**
Convenience	$0	($16,886)	$0	$0	$0	$0	$0	$0	**($16,886)**
Chapter 11 Administration Expenes	$0	$0	$0	$0	$0	$0	$0	$0	**$0**
Admin / Lease	($100,000)	$0	$0	$0	$0	$0	$0	$0	**($100,000)**
Capital Expenditures	($13,500)	($9,000)	($9,000)	($9,000)	($9,000)	($9,000)	($9,000)	($9,000)	**($76,500)**
Actual Paid Federal Income Taxes	($39,062)	($43,416)	($102,024)	($126,590)	($137,317)	($158,732)	($155,191)	($164,352)	**($926,683)**
Total Adjustment	**($107,548)**	**($87,454)**	**($138,250)**	**($141,783)**	**($145,432)**	**($146,903)**	**($148,423)**	**($80,398)**	**($996,191)**
Adjusted Net Profit Amount	**$9,638**	**$42,793**	**$167,823**	**$237,986**	**$266,519**	**$329,292**	**$317,150**	**$412,658**	**$1,783,859**

Adjusted Net Profit Amount	**$9,638**	**$42,793**	**$167,823**	**$237,986**	**$266,519**	**$329,292**	**$317,150**	**$412,658**	**$1,783,859**
Allocation % .50%	**50%**	**50%**	**50%**	**50%**	**50%**	**50%**	**50%**	**50%**	**50%**
Net Allocation of Net Profits	**$4,819**	**$21,397**	**$83,912**	**$118,993**	**$133,259**	**$164,646**	**$158,575**	**$206,329**	**$891,930**
Payment in Feb	$4,819		$83,912		$133,259		$158,575		
Payment in August		$21,397		$118,993		$164,646		$206,329	

Exhibit 3
Peak Hosting
Projected March 1, 2017 Balance Sheet - Plan & Liquidation Analysis

	Chapter 7 Liquidation Analysis			
	March 1, 2017 Projection	% Recovery	Amount	Notes
Current Assets				
Cash	$676,257	100%	$676,257	1
Accounts Receivable	$300,000	70%	$210,000	2
Total Current Assets	**$976,257**		**$886,257**	
Fixed Assets				
Computer Equipment	$31,100	60%	$18,660	3
Vehicles	$37,240	60%	$22,344	4
Total Fixed Assets	**$68,340**	**60%**	**$41,004**	
Total Assets / Proceeds before MZ	**$1,044,597**		**$927,261**	

Notes

1 Cash is cash balance less ordinary course post petition payables and before payment of Chapter 11 administrative expenses

2 Accounts receivable is assumed to experience collection issues with the liquidation of the company.

3 Computer equipment would be liquidated via an auction or controlled sale. The discount is assumed to be approximately 40% off of the adjusted current fair market value.

4 Vehicles would be liquidated via an auction or controlled sale. The discount is assumed to be approximately 40% off of the current fair market value of the vehicles.

5 For purposes of the Liquidation Analysis, we have assumed no recovery from the MZ litigation.

Exhibit 3
Peak Hosting
Projected March 1, 2017 Balance Sheet - Plan & Liquidation Analysis

	Chapter 7			
	Claims	**Allocation**	**% Recovery**	**Notes**
Total funds to be allocated to secured creditors		**$927,261**		1
Data Sales Secured Lien Position	$10,000	$5,000	50%	2
Huntington Secured Lien Position	$4,500	$2,250	50%	2
US Bank Secured Lien Position	$3,000	$1,500	50%	2
BOW Secured Lien Position	$6,592,562	$918,511	14%	3
PSA 9 Litigation Loan	$1,500,000	$0	0%	4
PSA 9 DIP Loan, fees and interest	$550,000	$0	0%	5
Total Secured Balance and Interest	**$8,660,062**	**$927,261**	**11%**	
Remaining Funds Available		**$0**		
Other admin, priority and unsecured creditors				
Funds available for Chapter 7 and 11 administration	$0	$0	0%	6
Funds available for priority creditors	$0	$0	0%	7
Funds available for unsecured creditors	$0	$0	0%	7
Total funds for Other Admin, priority and unsecured	**$0**	**$0**	**0%**	
Remaining Funds Available		**$0**		

Notes

1 Ties to summary on liquidation of assets

2 Secured creditors will receive the liquidation proceeds from their respective collateral

3 Bank of the West loan calls for a 4.5% interest rate. For purposes of the liquidation analysis we have assumed 1 year of interest.

4 The debtor in possession loan from PSA #9 was to fund the MZ litigation.

5 The debtor in possession loan from PSA #9 was to fund the operations of the company.

6 There will be no funds to pay any Chapter 7 Trustee fees or related costs and no funds to pay administration fees for Chapter 11 professionals or related cost.

7 There will be no funds distribution to priority or unsecured creditors in a liquidation

CERTIFICATE OF SERVICE

I hereby certify that the foregoing **DEBTOR'S REVISED SECOND AMENDED DISCLOSURE STATEMENT (FEBRUARY 10, 2017)** was served on the parties indicated as "ECF" on the attached List of Interested Parties by electronic means through the Court's Case Management/Electronic Case File system on the date set forth below.

In addition, the parties indicated as "Non-ECF" on the attached List of Interested Parties were served by mailing a copy thereof in a sealed, first-class postage prepaid envelope, addressed to each party's last-known address and depositing in the U.S. mail at Portland, Oregon on the date set forth below.

DATED this 10th day of February, 2017.

TONKON TORP LLP

By *_/s/ Timothy J. Conway_*
Timothy J. Conway, OSB No. 851752
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LIST OF INTERESTED PARTIES

In re Peak Web LLC
U.S. Bankruptcy Court Case No. 16-32311-pcm11

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